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EWS SUMMARY

GENERAL

Begin hits out at U.S. weapons sales plan

Israel'a premier Menahem Begin has attacked U.S. plans to sell aircraft and missiles to

Begin accused U.S. Defence Secretary Caspar Weinberger of only paying lip service to the maintenance of Israel's military edge in the Middle East. Page 4 The U.S. Secretary of State Alexander Haig said in a television interview that some early progress is expected in talks on

Palestinian autonomy. Costa Rica has moved its embassy back to Jerusalem. Israel regards this as a diplo-matic breakthrough and hopes other countries will follow.

Guif battle

Iranian forces bave launched a new offensive to drive Iraqi troops from Khorramshah, according to reports from both

Pole can leave -Jan Josef Lipski, a top official

io the suspended trade union Solidarity, has been given permission to leave Poland to travel to London for treatment for a heart condition.

Abduction fear

French police suspect that exiled Romanian writer Virgil Tanase, who went missing in Parls last week, may have heen abducted by the Romanian secret service.

Strike threat.

Yorkshire miners' leaders are considering calling a 24-hour strike in support of Health Service unions who are taking action on June 4, over a 12 per cent pay claim. Page 9

The cheek shows the two constraints on European Monetery System exchange retes. The upper grid bissed on the retes. The upper grid bissed on the weakest currency in the system defines the cross retes from which no currency in Northern Ireland. A man. in Northern Ireland. A man, the cross roies from which no currency aged 22, and an eight-year-old 24 per cont. The lower chart gives in Liggaskea, and a 19-year old woman in north Belfast.

Divorce law plea

The Campaign for Justice in Divorce has urged the Government to stop "dragging its beels" and change the divorce law, so as to end all mainten-

ance payments to adults. Page 6 Monaco winner Riccardo Patrese (Italy, Brab-

ham) won the Monaco Grand Prix after Alain Prost (France, Renault) crasbed while leading.

Council row Council services in Wandsworth. London, face a total shutdown running dispute between the council and unions over

privatisation. Page 9 **Loophole worry**

The Government now accepts that many unions and employers will get round the closed shop provisions in forthcoming employment legislations by concluding deals at a local level.

Back Page

Rape trial The trial of three Glasgow youths for rape and assault, being brought hy private prose-

cution, atarts today at Edin-hurgh's High Court. It is expected to last four days.

Briefly . . .

Police in Toronto are probing 18 the deaths of 43 children at the city's Hospital for Sick

Children. Cevact Snnay, President of Turkey from 1966-73, died in

Istanbul, aged 82. A major fire at Texaco's oil refinery at Milford Haven is Luxemhourg-registered being investigated by police. Death toll in a weekend homb by an offer for aale of its sbares.

Page 16 blast in Beirut rose to 12.

CONTENTS -

Foreign exchange deals: Lombard: Michael Dixon on Sheikhs of the currency thinkers and doers 15 markets14 China's economy: Trying the middle way 15 the middle way 15 sures 10 Technology: Micropro-Technology: Management: Failings of

Appointments UK
International Base Rates Building Notes ... Rus man's Diary... Entertain, Guide ...

Week in the Courts: Exporting national trea-

cessors for car trans- Editorial Comment: EEC; Korean Finance 14 agreement to reduce Britain's

U.S. investment 12 Survey: India (inset)

Unit Trusts Weather World Econ, Ind. World Stock Mkts. World Trade PROSPECTUSES Martborough Prop.

ANNUAL STATEMENTS For latest Share Index phone 01-246 8026

Men & Matters Money & Exchang

Economic

outlook

'remains

U.S. and Europe's outlook

for economic recovery and un-employment remains bleak,

according to a confidential

paper by the Organisation for

Economic Co-operation and Development: Back Page

by Herr Karl Otto Poehl, West

German Bundeshank president,

to curb its budget deficit to

help bring down world interest

rates declined last week after

the earlier reduction in the Bundesbank Lombard rate.

There was no sign of any other

action by the central hank to

bring the currency hack under its divergency limit within the European Monetary System. The

EMS May 21, 1982

"Control rote" against the European Currency Unit (ECU) isself a basket of European currencies.

Danish krone lost ground, finish-

ing almost level with the Dutch

guilder as the second and third

strongest members of the

system. The Belgian franc was

firmer and, in spite of remain-ing the second weakest EMS

currency, was under less pres-sure. The weakest currency was

• EURODOLLAR bond market

uncertainty over short-term

GOVERNMENT is consider-

ing tightening the rules of its small firms loan guarantee

• EUROTRAG, the European

consortium in which Taylor Woodrow and Wimpey have a

221 per cent stake, signed a

protocol agreement with Gabon-for a CFA168bn (£308m)

contract to build the trans-

Gabon railway's second leg.

• GEC research director Derek Roberts is seeking ideas for a major British collabora-

tive research programme in

OCCIDENTAL Petroleum.

U.S. oil company, is heading for reduced profits this year and

lans major business cuts. Page

• CAROLINA BANK, UK sub-

• ORIFLAME International,

metics group, is to raise £5.2m

advanced micro-electronics.

Back Page

interest-rate trends. Page 19

preparing for several issues

June, in spite of continuing

the Italian lira.

scheme. Back Page

GERMAN interest

Back Page

bleak?

BUSINESS

ARGENTINE AIRCRAFT SHOT DOWN . SECURITY COUNCIL MEETS AGAIN Order to retake Port Stanley Full UK control of

THE BRITISH task force in the South Atlantic has been ordered to recapture Port Stanley as outckly as possible and secure an unconditional surrender from Argentine troops there, it was indicated in Whiteball

The Ministry of Defence re-ported last night that there was a number of raids against the ahins of the task force in the early afternoon. Five Mirages and one Skyhawk were shot down by British ahips, aircraft and land-hased anti-aircraft missiles around San Carlos water. One British frigate sustained damage but the extent of this was unknown.

Following their successful establishment of a bridgehead on East Falkland, task force commanders have been told that the Government would like to see events move to their con-clusion as soon as possible. The Government hopes that Port Stanley can be eautured within days.

Britain's political and military leaders are encouraged by

FALKLANDS WEATHER: Wind W Force 6-7 (25-39 knnts); 12 ft seas. Cloudy, showers. Temp upper 30s F. OUTLOOK: Wind NW, Force 7-8 (25-30 knots). Cloudy, rain developing. Temp law- to mid-

the success of the landings on Friday morning in the San Carlos area, with what Is considered relatively small loss of and paratroopers landed at Port heavy losses suffered so far,

ing for a snap election.

of an autumn election.

So far as he was concerned.

The Falklands crisis, he

wouldn't dream of engineering

he said, there was no question

insisted, was "way above party

politics," and the Conservatives

an election round it."
Instead, be hinted, the

Government might well go its

full term, and not go to the electorate until early 1984.

ment might go for a "khaki"

election was fuelled at the week-end with a speech by Mr Francis Pym, the Foreign

secretary, in which he urged

bis local party in Cambridge-

shire to set its sights on the

His speech appeared to con-

firm the worst fears of the

Tories' political opponents that

the Government might be about

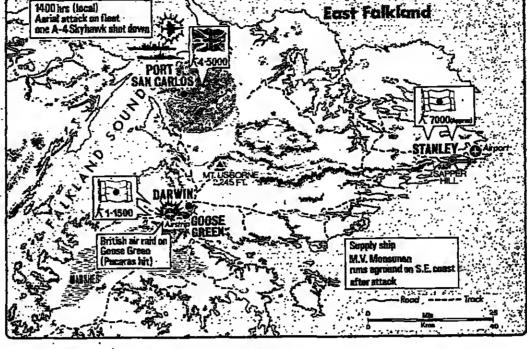
to exploit the support it has received for its handling of the

Falklands crisis hy an autumn

next election.

Speculation that the Govern-

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT



British lives—20 on the frigate San Carlos hut yesterday Sr Ardent, which sank after Nicanor Costa Mendez, the Argentine fire, and eight others Argentine Foreign Minister, dead or presumed dead. Argen-said British and American tine views of Friday's action and 5,000

two days since then are con-slderably at variance. yesterday said that not more than 400 marines were ashore slderably at variance. than 400 marines were ashore Yesterday the Ministry of and were being harrassed by Defence described a 36-hour luil Argentine fire. during which the British landing bad ben consolidated and had met with no opposition, mander, Brigadier Basilio Laml Aircraft from the task force had Dohzo, said that his forces were

Secreary, who throughout the

past few weeks has tried to keep politics out of the dispute

in an attempt to maintain a

With the opinion polls show-

ing the Tories moving well

ahead of the other parties dur-

ing the crisis, MPs have won-

dered, for the most part only

elections in a General Election.

the opinion that such a move

her, and make a mockery of

her claim to have the nation's

party's oft-repeated message

that it will take at least two

full terms for the Conservative

Government to achieve all its

It would he at odds with the

best interests at heart.

But her advisers are firmly of

would rebound dangerously on aware

united front at Westminster.

Tories deny snap election plans

tine casualties are not known.

However, British and Argencould have been as many as tine views of Friday's action and 5,000 was "complete mis-what has been happening in the information." The Argentines

In Buenos Aires yesterday, Argentina's air force comcontinued to patrol, it said, and ready to drive off any more

had attacked Goose Green attacks on the islands. Argentina's main advantage

with two years of ils term still

to go, the Government had

He believed that it would see

"its office through."

half-seriously — whether Mrs in the traditionally safe Tory Thatcher would try to repeat seat of Beaconsfield, but also

the Tories' success at the local in next week's poll in the mar-

It has been pointed out that ago thought they might just

single issues, like the have found the electorate un-

the record of elections fought scrape home at Beaconsfield,

of Mitcham

Government."

many things" still left to do.

It is acknowledged that the

Falklands crisis has given the

Tories a tremendous boost which

only in this week's by-election

ginal South West London seat

The Government is acutely

evaporate quickly if there are

heavy casualties, but ao far

neither the Labour Party nor

the SDP Liberal Alliance bas

found a way of dealing with the

Tory hy-election appeal to " vote

Conservative and hack your

The Liberals, who two months

that support could

looks like providing success not

probably still has more than 100 fighter/bombers against the British task force's estimated 35-40 Harrier jump jets. Yesterday Brigadler Laml

Dozo was quoted in Argentine newspapers as saying that at least 72 Argentine aircraft had heen deployed in Friday's engagegementa. There bad been three squadrons of A4 or A4C, each with 12 aircraft, while twn squadrons of French-built Mirage 111s and one squadron of the Israeli Dagger, a copy oft he Mirage, also took part in the fighting, he said.

Officials in London seemed airstrip.

Argentina's main advantage confident vesterday that the task force was in — and could sald how many Royal Marines air force which, even with the Continued on Back Page

Englishme Crisis Pages 2 and 3

with domestic economic issues.

local elections.

to the agreed party line.

The crisis has reopened some

Falklands needed 'for at least 6-12 months'

BY OUR FOREIGN AND POLITICAL STAFF

BRITAIN has coma to the conclusion that it is necessary to maintain full control over the Falkland Islands for at least six to 12 months after the end of the bostilities which are being pursued to force the Argentines out.

As the British ground forces pressed Inland from their beach-head at Port San Carlos, on the northern coast of East Falk-

 Mr Francis Pym, the Foreign Secretary, said on U.S. tele-vision that it seemed "very likely" that Britain would have to complete repossession of the

islands by force.

• Mr Cecil Parkinson, Conserva tive Party chairman and a member of the "inner Cabinet," said it was difficult to imagine any circumstances in which either the islanders or the British people would ever agree to ceding sovereignty.

Sr Nicanor Costa Mendez, the Argentine Foreign Minister, said in New York that his country had widespread sup-port from other Latin American countries from the Soviet Union and Poland,

• President Mitterrand affirmed France's solidarity with Britain over the Falklaods crisis, saying that this support should not be in doubt.

Mr Alexander Haig, U.S.
Secretary of State, sald there
could be little bope of a diplo-

matic settlement until there was a clear change in the military position. But be added that sacrifices and military frustra-tions could present "rather auspicious circumstances for negotiatioos." For the moment a tough line

has emerged in Whitehall in the wake of the early military Ministers accept that the maintenance of a longterm presence on the Islands may prove expensive, hut be-lieve that British public opinion be given away. MR CECIL PARKINSON, the Mr Pym was apparently our miners' strike in 1974, is bardly receptive at present to re-

MR CECIL PARKINSON, the Mr Pym was apparently for such as to encourage Mrs attracted. Yesterday his column duash suggestions that the Tories might be about to cash in on the Falklands dispute by go-When the islands were renationally and when dealing acceptable both to the Islanders day the and the British people.

Street was that the entire situadivisions in the Labour Party which were palustakingly covered up in the run-up to the Areentina's refusal to agree to cease-fire a negotiated settlement. Argen-Today Mr Michael Foot, the time had, he her intrensicence, Lahour leader, is expected to see the three Front Bench forfeited any hone of eventually being awarded sovereignty over the islands she has claimed for the nast 149 years.

Opposition spokesmen who rebelled in Thursday voles on the Falklands, and to tell them There are indications that the Government is turning its attenthey have effectively sacked themselves by failing to keep tion increasingly to the difficult

tion of the situation in the South Atlantic after control over the islands bas heen restoreď.

Mr John Nott, the Defence Secretary, will make a statement in the Comons today spelling out the Government's mination to rectaim the lalands as soon as possible, and making clear that It believes the only way of getting the Argentines to the negotiating table in a suitably compromising frame of mind is through use of force.

This hard attitude was spelt out yesterday by Mr Parkinson, who said that diplomacy would have to take the "back seat" Speaking on BBC Radio 4 he said the Government did not intend to fight a "long and bloody war. Having established

a secure base we are planning to move, and to move fast."

The Government will almost certainly get the support of the Opposition at Westminster for its decision to retake the islands as soon as possible, though some Shadow Ministers were alarmed yesterday at sugges-tions that it was after an unconditional surrender.

One clue to official thinking came from Mr Pym, who told U.S. television viewers yesterday that a long-term solution might involve a "broader pattern" of defence and economic development, involving other countries and perhaps the United Nations.

After repossession, be said, there would probably not he an "immediate" role for the United Nations in the islands' defence. At the UN the Security

Council went into a third day of open dehate on the crisis in the South Atlantic, with Argentina making clear that her intention was to place Britain in the dock of world opinion.

Sr Costa Mendez, who arrived in New York from would not allow the islands to Buenos Alres on Saturday, said before attending the debate that Argenlina was no longer incaptured. Mr Parkinson said volved in any parallel negotia-yesterday, Britain as a nation tions to end the war. His would have to be prepared to country would not seek a resolution against Brilain.

Before adjourning for the 15-member Council heard the French delegate call The message from Downing for every possible urgent effort to end the fighting. The Soviet tion had been changed by Union called for an immediate

> In Duhlin, Mr Charles Haughey, the Irlsh Prime Minister, said Irish efforts at the UN would be directed to glving the Secretary-General a formal mandate to maintain his peace efforts. He defended Ireland's con-

tinued opposition to EEC trade political and military implica- sanctions against Argentina,

Crucial EEC meeting as UK considers reprisals

BY JOHN WYLES IN BRUSSELS

seems likely to give in to growready to take reprisals against. sidiary of North Carolina National Bank, increased pre-tax profits by 81 per cent to £2.24m in 1981. Page 16 today to-repair some of the political damage caused by the majority vote on farm prices

Senior Community Ministers have avoided publicly discussing the crisis sparked hy the vote over-ruling Britain's apposition to farm price rises for fear of prejudicing the attempt that Mr Francis Pynt, Foreign Secretary, will make to salvage the situation today. He is expected to nrge bis fellow Community Foreign Ministers: • To consider renewing sanc-

tions against Argentina which expire at midnight tonight; • To make the necessary concessions leading to a speedy payments to the EEC budget this year;

 To assure the UK that its use of the national voto on EEC decision-making will not again be overridden. If other EEC governments

remain generally inflexible, particularly over the budget problem. London is reluctantly coneluding that it may have to go on the offensive later this week, probably by threatening to withhold part of our payments to the EEC budget.

But this could harden atti-

neither government wishes to signs that Herr Hans Dietrich duck a confrontation which Genscher, the West German would present France with the Minister, may my to buy time its EEC partners if they fail at opportunity to put pressure on a crucial meeting in Brussels Britain towards a changed UK Britain towards a changed UK role in the EEC, as floated by President Mitterrand last week. The Foreign Office would not

confirm yesterday that Mr Pym will be seeking a continuation of the EEC ban on Argentine imports which was renewed for seven days last Monday, But other governments expect to be to renew sanctions, despite Britain's counter-invasion of the Falkland Islands. It is likely that the same seven governments currently banning Argentine imports would continue the ban while Italy and Ireland would confirm their non-participation.

Ministers, bowever, may agree that this split is politically too damaging to be continued and that the Community should drop the measures.

More generally, today's discussion of the British budget problem should give clear indications about whether other povernments want to republishe the UK following their victory on farm prices. Britain is indicating that it needs a special rehate this year of £564m compared with the £450m the other nine have been offering on a take-it-or-leave-it basis.

As in the past on this issue. tudes in Paris and Bonn. There the West German response

THE BRITISH Government are fears in Brussels that could be the key, and there are by pleading that he needs a Cabinet decision hefore he can agree to an increase on the existing offer. Mr Pym Bay face further

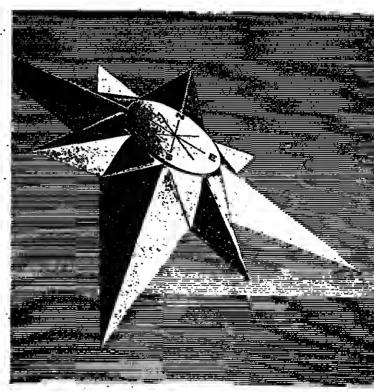
disappointment in his quest for reassurance that the British veto will not again he overridden on issuea where London says important national interests are at stake. Feelings at Westminster are

running high on this question, particularly because of fears that at the end of the year the other nine could impose a common fisheries policy giving them access to Britain's inshore fishing grounds. Denmark and Grece are as

keen as the UK to re-establish the Luxembourg Compromise of 1966 which requires unanimous decisions when governments request them. member states, however, want more opportunities for majority decisions. Mr Pym is unlikely to win

any firm undertaking today and he may be urged to deal with the problem through discussions and agreement on Italo-German proposals for a draft European Act. These would preserve the national vetn while attempting in prevent the abuses of the past which have blocked agreements on a host of minor Issues. Editorial Comment, Page 14

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Countdown: Argentina's Foreign Minister at the Security Council,

More support at UN

SR MICANOR COSTA MENDEZ, ported the peace efforts of Sr the Argentine Foreign Minister, Javier Perez de Chellar, the UN said yesterday his country was Secretary-General, who abanend the war in the South Atlan-tic. Before attending a rare Sunday session of the United Nations Security Council, the Minister said his country was only "speaking" within the UN

"We have not come here to seek any resolution. We have come here to denounce Britain."

The third day of the debate at the Security Council opened yesterday with a French delegate. M Luc de ka Barre de Nanteuil, calling for every possible effort to end the fighting to be made urgently. France, he sald, sup-

doned them on Thursday night. The French Amhassador asked the Security Council to give the Secretary-General "the wholehearted support he needs." But he added that the initial helonged in Argentina, the country which first used force. Many Latin American

countries, as expected, have rallied to Argentina's support in he said, claiming his country the debate, while the Soviet had the wide support of other Union has called for an immedi-Latin American nations, the ate cease-fire and that the Soviet Union and Poland. Secretary-General he given a Secretary-General he given a

THE BRITISH task force which long and bloody war," Mr landed on East Falkland on Friday, now has two basic option:

The advantage in a longer,

• They can either plan for a slower campaign are said to be phased operation, where they that a gradual tightening of the phased operation, where they pick nif small units of Argentine troops and continue to tighten the screw on the twn main garrisons at Port Darwin and Port Stanley, maintaing the isolation of West Falkland.

They can move as rapidly as saving Argentine and gritish the saving Argentine and gritish the saving Argentine and deriven lives. possible to surround and con-military and civilian lives.

The disadvantage in this is that such a gradual approach would give the Argentine air front the two concentrations on The aim in both cases would be to bring about the surrender force the breather it needs of the estimated 9,000-strong Despite heavy losses—pr Despite heavy losses prob-

Argentines on the Falklands ably 30 aircraft since the cam-and gain total repossession of paign began—Argentina can paign began—Argentina can probably still muster three times as many fighter bombers as Britain has Harrier jump From available informationand as in the military build-up as and engagements so far, infor- jets.

controlled by the Ministry of Defence—the second course is the most likely.

"We are going to move—and move fast," Adml Sir Terence thought—is now ready and wait-lewin, Chief of Defence Staff, said on Saturday as he declared that the landings had achieved their aim and that "despite the likelihood that the next days from a possible landing. Further will also be difficult," the con-waiting could cause supply problided.

Treasons why the task force will ment would prefer any negotiations which might take place in the story which appears consider. Union Jack files over Port San Carlos.

San Carlos.

But if, as seems probable, Rear-Admiral John Woodward will have orders to move guickly, what will be the key will also be difficult," the con-waiting could cause supply problided account?

fidence of the task force was lens for the British garrison high. Terence's sentiments that the marines and para-echoed by Mr. Cecil troops in the task force are not

Bnenos Aires newspapers have painted a picture of victory for Argentine forces in fighting against British landing parties on the Falkiznd. Islands, AP reports from Buenos Aires.

Bridget Bloom, our Defence Correspondent, examines the two main options facing the task force

Tightening the screw on Stanley or a rapid advance

Heavy enemy losses in yesterday's fighting," said the front page headline in the daily La Nacion. "Great

political reason why the government wants action now. To wait would give the Argentines time mobilise international before Britain has gained its military objectives.

It seems quite clear now that mation is being very carefully There are several other Mrs Thatcher and her govern-controlled by the Ministry of reasons why the task force will ment would prefer any negotia-Defence—the second course is probably move quickly. The tions which might take place in ment would prefer any negotia-tions which might take place in the future, to do so when the

into account?

The first task will obviously be to establish precisely where the Argentines are (here, the Parkinson, Paymaster-General, garrison troops: they are trained Special services— the SBS and and a member of the inner War to be mobile and move very the SAS—bave clearly been busy) and how to neutralise intend that this should be a There is in addition a key them.

reverse for the invader in the first hattle," said the mass circulation Cronica, "Victory," said the tabloid Diorio Popu-

The tabloid Conviccion, which often reflects opinions of the Argenty navy, said: "The first day of invasion has cost Great Britain nearly 300 dead and approximately

. It seems clear that Darwin on the narrow isthemus in the middle of East Falkland, must opining in favour of a ceasefire far from clear whether an attempt would be made to attack the estimated 1,000 troops there, or to isolate them.

This will partly depend un whether Britain wants to use the airstrip at Darwin rather than just deny its use to the Argentine garrison, and also on whether the task force decides to use Darwin as a main base for an attack on Stanley.

Land communications are appallingly difficult in the Falklands, but there is at least an uncertain track from Darwin to Stanley. There is very little chance of movement by land from Port San Carlos to Stanley, at the end

of the barrier of hills, which

strategists yesterday were sugmight well decide to re-embark many of the men from Port San new

comes, the force will attempt to maximise its forces at the point of attack, as it did last Friday. and that it will vary the bombardment, possibly with some land-based artillery—to

in transporting troops if the base of San Carlos is to be used.

Finally, there is the weather, highly unpredictable but favourable to the British task force landings if it is cloudy in misty rather than as it apparently was last Friday clear with

moonlit skies.

The right combination of weather could also make flying difficult for Argentine, using its mainland bases, but still pos-sible for Sea Harriers bent on harassment troop positions or denying the use of airstrips. What are the main dangers in these "next difficult few days?"

tina are expected, either on the new hase at San Carlos, or on The second key element will the task force fleet.

depend on whether Entain's new surface to sir

Carlos and move them round by missile system, believed to have sea to a suitable landing place been taken ashore at San near Darwin or Stanley.

Whatever happens, it is likely Most of the fleet is said to that when an attack or a landing have withdrawn east of the

lucky escape of several ships on Friday was described as be horrifying in its implications by one former Chief of Air

some land-based artillery—to Staff yesterday.

secure maximum harassment of Reporters with the task force the Argentine garrisons.

A third key element will be attack failed to hit the troop. mobility—the use of helicopters carrying liner Camberra, while will be particularly important at least two British warships of in transporting troops if the were hit by bombs which failed to go off (and have apparently since been defused).

So far, the task force has lost, and seven Sea King helicopters and two smaller Gazelies, while it seems that four Sea Harriers,

Both helicopters and Harriers will be with in the days to discone. The attrition rate will be distributed very closely by the task will be discone.

yet appear to have been very active. Argentina's three shirt remaining operational sub-light marines must be a constant of the worry to Adml. Woodward whose absolutely critical task must be to guarantee the safety dearly of his two aircraft carriers.

Tass returns to attack on Britain

THE SOVIET UNION yesterday 10 10 11 renewed its propaganda attacks 10 17 shared major blame for the high collecting. AP reports from all be placed by Moscow. Moscow.

Recounting the British land into (raint) and the interpretation of talks to avoid war, and the Soviet news agency, Tass & entire

The responsibility for all facult, this is also harne by those driving states; above all the U.S. which which associated themselves with the jorce British stand, which openly by the skied with London and thereby is actually encouraged it to seek give lake military solution.

claimed by Argentina Buenos Aires military acknowledges 'slow arduous task'

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

weekend, the Argentine military near the British beachhead.
was acknowledging that its While the Argentines reject infantry's task would be "slow British claims that 20 Argentine.

The soldiers were being supported by 88mm mortars and 105mm field guns, while the air furce said it used une squadron of Douglas A-4 Skyhawks and two squadrons of Mirage V Daggers 'tn' harass British A squadron of Mrage III

Harriers which sought to intervene. Pucara counter-insurgency aircraft were also used.

The aircraft were based un

AS THE battle for the Falkland radar detection—although that "most of which are two decades is resigned to the eventual use play down its traditional policies of a British veto against any of indifference to its neighbours. While the Argentines reject which they would be claimed that the of a British veto against any of indifference to its neighbours. British had suffered considered considerable to the eventual use play down its traditional policies of a British veto against any of indifference to its neighbours. British had suffered considerable to the eventual use play down its traditional policies of a British veto against any of indifference to its neighbours. British had suffered considerable losses which they would be acceptable to the eventual use play down its traditional policies of a British veto against any of indifference to its neighbours. British had suffered considerable to the eventual use play down its traditional policies of a British veto against any of indifference to its neighbours. British had suffered considerable to the eventual use play down its traditional policies of a British veto against any of indifference to its neighbours. British had suffered considerable to the eventual use play down its traditional policies of a British veto against any of indifference to its neighbours.

aircraft were destroyed during the landing, they admitted that their air tactics could bring British superiority in radar had obliged Argentine priots to

fly close to sea level. One pilot of a Canherra bomber was quoted as saying, "the difficulty is that this means windscreens Interceptors, meanwhile, stood get covered with sea-water and off to tackle any RAF Sea the build-up of salt impairs our

On Saturday, Gen. Leopoldn Galtieri, the Argentine presi-dent, in a low-key but The aircraft were based and the island, comptional speech, paid troute: Argentina also sees an advantable and the tactics were said to be to the air and ground crews of tage to be gained by siring its for the attacking aircraft to fly the Argentine air force. He case in the UN Security Council as law as possible to minimise said they were flying aircraft and the General Assembly, but situation.

Will come to nothing if Washing. Argentina at a time when the single published daily gent to continues to support Britain. Latter has sold only about half except said, to the air and ground crews of tage to be gained by siring its consequently Argentina is busy its exportable grain surplus of support Britain. Consequently Argentina is busy its exportable grain surplus of support Britain. Latter has sold only about half except said, to the air and ground crews of tage to be gained by siring its consequently Argentina is busy its exportable grain surplus of support Britain. Consequently Argentina is busy its exportable grain surplus of support Britain. Latter has sold only about half except said, to the air and ground crews of tage to be gained by siring its mending its fences with Latin. American capitals and trying to foreign exchange.

find difficult to make up.

The Argentine military was yesterday countering claims that runways for aircraft were being constructed at the British beachhead, saying that the ground was too boggy to support

tactic of the junta is still to support any calls for a cease-fire, Gen Galtieri issued a statement yesterday, accepting the Pope's call for an end to hostilities. He said Britain was seeking to return to a colomialist situation.

material to British forces.

Buenos Aires has been attempting to capitalise on the

long-cherished hopes of many in the State Department and Pentagon for an active anti-communist alliance between the U.S. and various Latin American governments, and for the reali-sation of long-term plans for a military pact to embrace allies of the Reagan administration on hoth sides of the South Atlantic. Such plans, Argentina argues,

are trying to neutralise U.S. tion leader, Sr Abal Medina — support for Britain, or at least who had been in asylum in the to prevent the supplies of U.S. Mexican embassy in Buenos material to British forces. Aires since March 1976 — is seen as an indication of Argen-tina's desire to reinforce links with Mexico, which has been pressing for his release.

There are still powerful govern voices for closer relations with the Soviet Union, if these would allow Argentina to retain the Falklands. But there is no binding the fact that Buenos Aires is alarmed at the unwillingness of Moscow to continue its grain purchases from Argentina at a time when the latter has sold only about half



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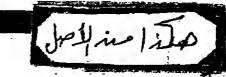
located at Ghent, Belgium, on 444 acres of owned land. The refinery, with 180,000 bbls. per day of crude distillation capacity, is connected by pipeline to a crude oil receiving terminal at Zeebrugge, Belgium, on the North Sea. The plant was opened in 1968 and has been maintained in excellent condition.

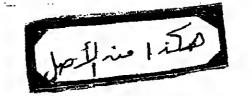
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Pope calls on both sides to make peace

By James Bucton in Rome

THE POPE has sent telegrams to both sides calling for an im-mediate halt to the fighting. and appears to be leaving as late as possible the decision on whether or not to go ahead with his visit to Britain, due to start on Friday.

The official Italian reaction to the British landings on the Falkland Islands has been to refterate its calls for a ceasefire, and President Sandro Pertini has sent a personal appeal to Sr Javier Perez de Cuellar, Secretary-General of the UN, to press on with his peace-making efforts.

But the Stance adopted hy
Sig Giovanni Spadolini's
Government, and by Sig.
Emilio Colombo, the Foreign
Minister, stressing the UN
resolution that calls for Argentine withdrawal, indicated serious dissent within

the Government on the issue. Pope John Paul II made another emotional appeal for peace and a halt to bloodshed in St Peter's Square yester-day, On Saturday he sent telegrams to Mrs Margaret Thatcher Leopold Galtieri, the Argentine President, calling for an immediate cessation of hostili-

It would clearly undermine these appeals for peace were he to cancel at this stage his visit to Britain. On Saturday, he indicated that the decision whether nr not to go ahead with his visit depended on his hnsts, the Catholic bishops of England, Scotland and Wales. He said be could only postpone his visit, not cancel it.

He has fold Argentine cordinals, who yesterday tnok mart in a Papal Mass with their British counterparts, that he would be prepared to

visit Argentina soon. Sig Bettino Craxi, leader a of the Socialist Party, said that Britain's actions "were ; exposing the entire west to very serions risks." Sig Flaminio Piccoli, chairman of the Christian Democrat ? Party, described the British a resort to force as "an But two other in the ruling error. coalition have taken a conspicuonsly anti-Argentine

There seems no chance that Italy would re-impose the EEC trade sanctions against Argentina which, last week, under pressure from the Socialists and Christian Democrats, it decided not to renew EEC Foreign Ministers were due

wbether sauctions should he sustained beyond midnight. Italian Press coverage of emphasised British acknowledged military effective-

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TIMETABLE OF THE LANDINGS

British troops strengthen foothold

their foothold following Friday's a marine and a pilot, are lost. . landings in the San Carlos area of East Falkland.

As they dug in the following picture bas emerged of the preparations and the assault Robert Hutchison, Defence Correspondent of the Press of the invasion. Association, writes:

Britain's battle fleet commanders feared that Argentine troops knew exactly where their amphibious landings were going to be staged three days before

the Falklands "D-Day."
On Wednesday, small parties
of Argentine soldiers were
moved into defensive positions in the Port San Carlos area, selected as the assault site two weeks ago.

But Admiral Sandy Woodward, the Task Force commander, and the amphibious landings chief, Brig Julian Thompson, decided not to attack these positions, to avoid the risk of mines and booby traps being laid in the area later by the

Wednesday: Troops move to and 40 Argentine soldiers. assault ships to prepare for the landings. A Sea King helicopter Marines storm in. A fire-fight carrying 27 SAS soldiers is lost follows but the British eject in an accident as they transfer the Argentines, who fiee north.

soldiers yesterday consolidated men are rescued but 19, plus British hands,

Diversionary attacks are begun by special forces to the southern portion of East Falkland and nn the west island, with the aim of misleading the Argentines about the location

British warships hombard Mare Harbour in the south of West Falkland. The bombardment carries on throughout the night and into the next day. Thursday: Sea Harrier and

RAF Harrier strikes are mounted in the same general area. By last night, the amphibious task group moves in from the eastern edge of the 200-mile total exclusion zone around the islands. At midnight, as the ships

turn into Falkland Sound, parties of Royal Marine Comlanded previously, mandos, move in to attack Argentine positions in the San Carlos area. Friday 12.30 am: A frigate puts down concentrated gunfire at Fanning Head, with "devast-The time-table for the land-ing went as follows: a position held by hetween 30 As the barrage lifts. Royal

In a second attack, in the

Goose Green and Darwin area through combat air patrols further south where 1,500 mounted by Sea Harriers from Argentines are based. Royal the carriers Invincible and Marines shoot down a Pucara Hermes 100 miles to the north. light aircraft and blast several hits the frigates and destroyers fuel and ammunition dumps. Friday 2 am: Three simul-

taneous laodiogs by Royal Mirage Daggers and Skyhawks. Marines and Paratroops on two crash into the sea. beaches at San Carlos settlement and Ajax Bay, are met by reconnaissance troops, previously San Carlos but the attackers landed, to guide them to their objectives.

These assaults are unopposed and the troops, armed with Blowpipe shoulder-fired anti-aircraft missiles, move up onto high ground and dig into defensive at low-level. positions. A weak Argentice company

position is overrun at Port San Carlos settlement and they See eastwards, but not before they shoot down two Navy Gazelle reconnaisance helicopters with their own British-made Blowpipe The two British forces link to explode.

up with those at Fanning Head. Two other frigates are Friday 7 am. Amphibious damaged but they are still forces continue to be ferried in by landing craft. Friday 10 am. The first of

mounted from maioland bases at Rio Gallegos and Ushuaia. . The first strike, after fighting

patrolliog Falkland Sound.

Twelve bigh-performance jets. Bombs are dropped all around the amphibious ships in Port

have little time to co-ordinate their attacks. In Falkland Sound, some fireto-10 miles wide at this point, the attackers have more space

manoeuvre and come in fast The Type 21 Frigate HMS Ardent is hit by Iwo Italianbullt Aermachi MB339 jets. based in the Falktands, and burns foriously. A Leander class frigate is also bombed and seriously damaged. A destroyer

operational and continue to fire. salvo after salvo of missiles.

takes a 1,000 lb bomb through

her engine room, but it fails

HMS Ardent, which was attacked and sunk by Argentine jets. Twenty-two men were killed in the attack, and another 30 were injured: tine aircraft, involving between 28 and 30 aircraft. Some jets

third waves. Four Skybawks heading for hase are chased by the two Sea Harriers which fire their Sidewinder missiles and bring down

mainland to refuel and re-arm

and reture in the second and

The Canberra and the other mercbant ships in the Sound seem to be special targets, but all escape damage. Two raiders are blasted by Sea Wolf closerange missiles.

A Mirage falls into Port Carlos water, its wings laden with 500lb bombs.

Royal Marines still io posi-Friday 10 am. The first of The air attacks continue tion oo Fanning Head open fire at least three waves of Argenthroughout the day with some with their 7.62 mm machine tine fighter bomber attacks are 40 sorties mounted by Argengun. An eogine of ooe attacker

catches fire, and the aircraft of casualties in the rest of the plunges into the mountainside. As Scorpioo tanks from the

Blues and Royals head inland to protect the seven-by-ooe-aod--half-mile beach head, RAF G3 Harriers strike at targets at Two Sister's, west of Staoley.

They destroy two belicopters -a Chinook and a Puma-oo the ground. But one Harrier is apparently shot down.

By the end of the day, the

Argentines have lost nine Mirage Dagger jets, five Skyhawks, two Pucara ground attack turbo-prop aircraft and four helicopters.

First British reports indicate there are three dead, two missing and 27 wounded in the landing and 20 missing and 30 injured in the attack on the

Friday evening: HMS Ardent sinks after a long fight to contaio fires. Throughout the night, the merchant ships and the larger amphibious units are pulled back eastward out of range of expected attack, their task completed.

Saturday: .Tbe massive air attack does not materialise at dawn.

More and more equipment is ferried into the beachhead: 105 mm howitzers are flown in, slung beneath belicopters, and Rapier anti-aircraft missile batteries are set up hidden among

The British policy now is to entice the Argentines out of Port Stanley, where they have fortified many of the houses.

Harrier performance

the jump-jets for its Marine

The corps already has some which will be delivered next landed oo the islands.

Duriog the 1970s, the Marines of these bad crashed. The Marines sald most of the crashes were caused by pilot

Since the Falklands fighting formance of Britain's Harrier began, carrier-based Harriers aircraft in the Falklands fight- have been in the fore-front of ing is being closely noted by British attacks against Argentbe United States, which plans to buy 340 advanced models of islands as well as in doglights with Argentina's land-based Air

The Marines would use the of an older type of Harrier. Harrier as air support for Terms were agreed last August ground assaults, and so are vey for Anglo-U.S. manufacture of interested in bow it performs the new model, the first of now that British troops bave

Senior U.S. naval officers say But the U.S. Navy remains that, until now, the Falklands opposed to purchase of the air-craft for its carrier fleet, saying large aircraft-carriers, as against the Harrier's range is too sbort the small types used by the and its bomb-load too small. British.

Following the destruction of bought 110 of the Harriers, the British destroyer Sheffield which can take off and land by a single Argentine missile, by a single Argentine missile, vertically. By February 1978, 28 eavy officials here say the U.S. will review defences oo Its own ships to make It less likely that

Washington's 'mistake'

ARGENTINA'S Foreign Minis- status quo, and anything that ter, Sr Nicaoor Costa Mendez, disrupts that, provokes from big mistake in its approach to the Falklands crisis and will pay for it for a long time, AP reports

from Paris. Sr Costa Mendez, in an interthe

goes beyond any question of

" I think the North Americans have committeed a grave error that they are in the process of view with Figaro Magazine, sald paying for it, and that they will the U.S. and Britain wanted to pay for it for many years," international Costa Mendez went on.

March 1982

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U.S. closely watches Shipowners seeking higher insurance

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITISH companies . with requisitioned case of war damage or destruction.

Talks by the companies, with P & O a major participant, are continuing with the Department Trade on bow compensation would be paid if ships suffered from hostilities.

So far, the Government has

accompany the Faiklands task though some have been force want the Government to returned. P & O's Canberra took agree to higher insurance values a key role in Friday's landing.

The Canterra is P & O's cruise flagship. Its insured value was £10m, but P & O bas since put this up to around That is equivalent to the cost

of a secood-hand replacement, if oecessary. To build a new paid just over £30m in requisi- ship of the same type would tion, charter, and other costs to cost around £150m. The older department would have to fool companies.

been called up during the crisis. has had its insurance value lifted from £3.5m to some £20m. If these ships are destroyed by storms or rocks, P & O's

increased insurance would cover the cost. But enemy damage would have to be met by the Government under the 1952 Marine and Aviation (War

Risks) Act. The question of vessels' insurand which in

owners. About 50 ships have Uganda, now a hospital sbip, compensation bilis is still under discussion.

> P & O said its ships were insured for the lower sums before the crisis because they would areas while on cruises.

The Government has argued tbat a more realistic valuation for the Canberra would lie not Officials are studying this to far above the original insured see how it would be applied. sum. Cunard's QE2, oow on its way to the Islands, also features discussions

numbers cut

U.S. embassy

The U.S. is sharply reducing the number of officials and dependants at its embassy in Buenos Aires because of tensions with Argeotine over the Falkland Islands war, AP reports from Washington.

The State Department said the temporary removal of certaln "non-essential" personnel began several weeks ago

At the beginning of the month there were 79 U.S. staff members at the emhassy and about 100 employees.



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CREDITLYONNAIS

Weinberger

'lip service'

attacked

by Begin

Weinberger.

Israel.

By David Lennon In Tcl Aviv

ISRAEL'S Prime Minister,

Mr Menzhem Begin, yesterday

Mr

Secretary of Defence, of only

paying lip service to the

maintenance of Israel's

military edge in the Middle

East while at the same time

said Mr Begin, be was

advocating the sale of sophis-

timed weapons to Jordan

which would use them against

The Prime Minister's state-

ment, which was approved by

the Cabinet, is part of a

concerted campaign being launched by Israel to try to block U.S. plans to sell more

aircraft and missiles to Jordan Crown Prince Hassan

of Jordan is due in Washington this week for continued arms talks.

Jordan arms sales with Mr

Weinberger during their

meeting

Israeli Defence Minister, Mr Ariel Sharon, who is also on a visit to the U.S., is expected to raise the

BY ANATOLE KALETSKY IN WASHINGTON

THE U.S. Senate passed a budget resolution late on Friday calling for a record deficit of \$116bn (£63,7bn) in 1983. President Ronald Reagan, speaking on radio on Saturday, endorsed the resolution and urged the House of Representatives to support a broadly similar plan put forward by the Republican minority leadership in the

The House will join battle this week on no less than seven different budget proposals and nearly 70 substantive amendments. The Republican plan, now backed by the President, does not have the wholebearted support even of the Republican minority in the House, but bas some adberents among the conservative Democrats from southern states. Mr Reagan spent several bours on the tele-



Mr Reagan: an nrgent bid for support

Republicans.

Meanwhile, the Democratic Party establishment, led by Mr Tip O'Neill, the Speaker of the House, has launched an allphone at the weekend, trying out attack on Mr Reagan and security pension proto win over other conservative the Republican Party, insisting the same reason.

that their plan will hit especially hard the elderly, who are now regarded as a particularly powerful special-interest group in Washington.

The House Republican budget plan differs from the resolution approved in the Senate in that it calls for \$23bn in cuts over three years in Medicare, the medical assistance programme, for the elderly. This has enabled the House Republicans to show a deficit of less than \$110bn for

The conservative Democrats who support the plan said that they would not back a budget with a greater deficit. But many find it impossible to vote for a plan to cut Medicare in an election year. Last week the Republican leadership in the Senate was forced to abandon hope of cutting the social security pension programme for

but one estimate suggests that

Washington. In the meantime, he has been apeaking at private gatherings and giving interviews about Israel's fears over the supply of more arms

In yesterday's statement, Mr Begin accused Mr Weinberger of having made a

Jordan to ask for modern weapons from the U.S. is neither Syria nor Iran but rather Israe!," Mr Begin said.

edge of Israel, but bow can it sophisticated tools of war,

Economic

MINISTERIAL MEETING OF OPEC

Unity jarred by Iran abrasiveness

United Arab Oil Emirates day (b/d). policy and abrasive perform-ance at the ministerial conference of the organisation in by Dr. Mana al Otalba, the the Ecuadorian capital, senior Minister-is to meet again todelegates privately conceded as they dispersed at the weekend. Public attempts to gloss over the sharp differences behind

closed doora could not disguise the feeting that Iran bas gravely undermined the producers' association at one of the most ritical periods in its history. organisation's solidarity, was Dissension between Iran and the verbal attack on Friday critical periods in lts history.

satisfaction with the improve-ment of market prospects, not least as a result of the psychological impact of the agreement two months ago on a production turely in protest.

On this front, the ministerial monitoring committee—chaired wards the end of June, and thereafter monthly. The 17.5m b/d ceiling on overall output and the production programme worked ont in March will remain in force for the time belng.

Particularly serious for the other members has clouded the afternoon by Mr Mobammed Garazi, Iranian Oil Minister, on Sheikh Ahmed Zaki Yamani, his Saudi counterpart, who left the conference chamber prema-

Delegates were also shocked over two months ago.

THE UNITY of the Organisation covery of Nigerian production by fierce Iranian personal Studies, to be based at Oxford and financed by Opec — on Dr Fadhil al Chalabi, assislant Secretary-General of Opec, and on Dr Robert Mabro of St Anthony's College, who was

largely responsible for the plan. In the event it proved impossible to fulfil the wish of all other members, except Iraq. that the contentious issue of Iran's rate of production and its price-discounting should be ignored, if possible. The Iranian Minister was uncompromising in saying openly that Iran's output was running at a rate of 2m b/d, compared with the allocation of 1.2m b/d given to it at the extraordinary mini-sterial conference in Vienna just

Most senior of Petroleum Exporting to something like the minimum criticism — to do with the pro-reckoned the actual Iranian's Countries has been badly desired level of 1.3m barrels a posed Institute for Energy level to be more-like 1.8m b/d 5 level to be more-like 1.8m h/d. The doubts were evidently the reason for the spread of 16.5m to 16.8m b/d given by Dr Marc Nan Nguema, Opec's Secretary. General, for collective output

The fact that this was below in the ceiling of 17.5m b/d was below accounted for by the drop in a con-Saudi output to rather less than a m 6.5m b/d, compared with the Kingdom's self-imposed limit of 1 7m b/d. and by the enforced loss to Iraq of 500,000 b/d caps and city as the result of Syria's decision to atop exports through the pipeline system to Mediter ranean terminals which crosses its territory. Also, Libyan production is believed to be subspiced stantially less than its quotal of 750,000 b/d.

Zimbabwe to end dual citizenship

BY TONY HAWKINS IN HARARE

which allows for dual citizenship and passports is to be presented to Parliament in independence negotiations. Harare next month,

Shia Moslems

found guilty

By Mary Frings in Bahrain

Seventy-three young Sbia

Moslems have been found

guilty in Babrain of com-

plicity in last December's

abortive conp. But the three

high court judges led by

Sheikh Khalifa bin-Moham-

med Al-Khalifa, a member of

the state's ruling family,

rejected the prosecution's

demand for the death penalty

and handed out sentences

ranging from life imprison-

in Bahrain

A BILL to remove the provision was less than a year sion of the Lancaster House old, the then Minister of Home constitution for Zimbabwe Affairs, Mr Joshna Nkomo, promised repeal of the provi-sion which the Nationalist parties had opposed during the

There is no official figure for The draft Bill was published the number of Zimbabweans to the pressures making for on Friday. As long ago as 1980, bolding British or South Afribigb levels of emigration of when the Lancaster House concan passports and citizenship, skilled and experienced whites.

BY OUR OTTAWA CORRESPONDENT

lisbment has been sbaken and the fate of Toronto's 107-year-

is in question after the dis-

closure that the deaths of 43 infants are being investigated

announced by Ontario's provin-

McMurty, on May 21, after a

judge dismissed murder charges

concerning four of the deaths.

Charges had been laid

all involving infants up to one-

there are at least 80,000 British 20,000 South African passpor bolders.

There is concern in business circles that the repeal of the dual citizen provision will add

fatal overdoses of a powerful heart stimulant, called digoxin.

At the preliminary bearing, evidence was introduced about

19 other "similar fact deaths"

in which infants bad died un-

Judge David Vanek dismis-sed the charges, saying the evidence was circumstantial at

best. He said that there was a

possibility the deaths were con-

Child deaths inquiry

CANADA'S MEDICAL estab- alleged to have administered

The Investigation was expectedly in the cardiac ward, announced by Ontario's provin-over the nine-months between cial Attorney-General, Mr Roy July 1980, and March 1981.

Charges had been laid tinuing, although the method against a nurse who worked in had changed and they were the cardiac ward. She was occurring in another ward.

old Hospital for Sick Children to the four infants,

misleading statement when be said recently that Jordan needed the weapons because it feared being squeezed between Syria and Iran. Mr Begin pointed out that Iran is not a neighbonr of Jordan.

"The reason which moves

He added: "It is true that lip service has again been paid to ensuring the so-called be maintained if only one square mile separates Jordan, armed with the quickest, most from the centres of Jewish population?"

Arming Jordan and Iraq "creales a direct and present danger to the Jewish state and lo peace," Mr Begin said.

Mrs Gandhi in trouble after state polls

Kerala after Mrs Indira Gandhi's Congress (1) party emerged from the May 19 elections witbout absolute majorities.

In Haryana, in the north, the Congress (I) party has been asked to form the state government, and Mrs Gandhi's nominee.-Mr Bbajan Lal, bas been sworn in as chief minister. In the bill state of Himachal

Pradesh, the Congress (I) emerged as the single largest party and is expected to seek to form the government there also.

be sworn in today, but is un-likely to be stable because of the faltering support of some of its partners. Only in West Bengal, where

the Marxist-led combination of left-wing parties won a twothirds majority, does a stable government seem certain.

The Marxists are assured of a

safe, second five-year apell of power in West Bengal, the only

A PERIOD of political Instability majority over a Marxist-led in both Haryana and Himachal is likely in the Indian states of left-wing front. A ministry led Pradesh, it is expected to form Haryana Himachal Pradesh and by Congress (I) is expected to governments in the two states on the basis that it should get the first chance to demonstrate majority support in the legislatures with the belp of a

large number of independents. This will lead to uncertainty and to borse-trading as the Congress (i) and its opponents try to win the support of independents.

If Congress (I) governments in Haryana and Himachal fail state with a decisive result to achieve majorities in about a from the elections in four month, when the first sessions Indian states last week.

of their legislatures are held, it

elections beid. The same could be the case in Kerala, although is rethe process is expected to take to longer there.

Mrs Gandhi's Congress (1) also lost four of the seven par liamentary by elections beld Added to the debilitation of the party's strength in Haryana and Himachal Pradesb, the Prime Minister bas suffered a big set me back in what was the first major test of her popularity since shall for returned to power in News 16 10 Delhi in January 1888 Delhi in January, 1980.

There is no immediate threat comments to her position as Prime Mini: ster since her party bas a two In the southern state of Although Mrs Gandhi's Con- is likely that President's rule thirds majority in parliaments are not kerala, the coalition led by the gress (I) has the advantage of (government from New Delhi) and general elections are not congress (I) won a tenuous being the largest single party will be imposed and fresh due until 1985.

Default 'would slash Polish exports'

BY CHRISTOPHER BOBINSKI IN WARSAW

if the West declares the country in default, a Polish economist, Prof. Mieczislaw Nasilowski, bas predicted.

Prof. Nasigowski is a member of the autonomous Consultative Council. advises the Government. He suggests that imports would default. \$1.675bn (£915m). per 'c stay at about the same level if Prof Nasilowski said. "If Also in a retent newspaper curren Poland's assets abroad were neither side declares Poland-interview. Mr Tadeusz Nesto profit."

The figures came in a recent lecture to the council, published in the current issue of the weekly magazine Polikya. This is the first figure given to the official Press for the effects on Poland's foreign trade of the country being declared in

level of about \$5bn.

Meanwhile trade figures for the first four months of the year show a surplus of some \$525m to the end of April were worth pointed out, however, that 7: \$1.675bn (£915m).

Also in a retent newspaper: currency exports are sold at all KC

POLAND'S annual exports to selzed and trade had to be bankrupt ... despite the current rowicz, the Foreign Trade the West would fall to a value conducted through intermediate the set would fall to a value conducted through intermediate to reach a inflationary effects of a further against are likely to reach a inflationary effects of a further against and minister. devaluation of the Polisb zlofy general. against Western currenclessing And Industrial managers are press biustrial (£287m), which has gone mainly ing for a .50 to 60 per reent and on interest repayments due last devaluation of the present year. Imports were worth exchange rate of 80 zloties to the \$1.15 bn (£639m), while exports U.S. dollar. Mr. Nestorowic REF

NY IROLS-IRONY ies allead of ine competitions

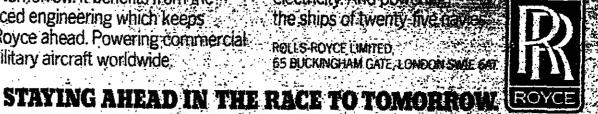
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April 1982

WORLD TRADE NEWS

E. Europe's terms of trade Japan-EEC with Soviet Union worsen

BY DAVID BUCHAN

EASTERN EUROPE'S terms of trade with the Soviet Union import from the Soviet Usion worsened by 6 per cent in 1981 will have risen 33 per cent. and are likely to deteriorate by Taking 1980 as a base of 100, a further 6-7 per cent this year. East Europe's terms of trade The reason is that Soviet with the Soviet Uninn—the rela-export prices are rising faster tion of export to import prices than those in the rest of Come—dropped to 94 last year and con, according to a new study to 87.8 this year. than those in the rest of Comeby Wharton Econometric Forecasting Associatea (WEFA).

The report by the U.S. based consultant group sheds additerms of its trade with its allies, have been ritional light on a recent meeting. It is cutting the volume of its faster in price. of East European economists, who complained that deterioraing terms of trade with the Soviet Union were causing their countries "distinct harm" and slower growth.

The economists' criticism surfaced in a Prague pubication, and it may be no coincidence that, according to WEFA cal-culations, Czechoslovakia, along with East Germany, has been affected most by decline in the terms of trade with the Soviet

By the end of this year, export prices by the six East European members of Comecon will have risen 16.8 per cent since 1980, according to WEFA esti-

with the Soviet Unim-the rela-

various reasons, has not fully used this improvement in the oil exports at preferential prices to some Comecon partners, and it has not accelerated shipment to Poland

as fast as it earlier promised. But it bas not made a general cut in the volume of its shipments to Eastern Europe or required Eastern Europe to boost exports to the Soviet year, Soviet oil was 70 per cent

The result has been a marked increase in the Soviet trade sur- as the Soviet Union is adjusting plus with Eastern Europe, from roubles 1.8bn (£1.38bn) in 1980 to a record roubles 3.1bn (£2.3bn) last year.

The new WEFA estimate is Comecon partners some 29 per that, given a 6-7 per cent cent more for their oil.

But the prices of what they deterioration in East European trade terms this year, the Soviet trade surplus could rise to roubles 4.5bn in 1982. At some time, the Soviet Union is likely to want this imbalance reversed.

Eastern Europe exports mainly machinery, equipment 0 87.8 this year.

But the Soviet Union, for to the Soviet Union, and imports mostly fuels and raw materials which, inside Comecon at least, have been rising relatively

> The Comecon country least affected by this trend has been Romania, a significant oil producer. Oil is a relatively small share in its imports from the Soviet Union.

Soviet energy is still cheap Union, perhaps for fear of below world market prices and placing too great an economic gas about 50 per cent below strain on their neighbours.

But this is changing quickly its oil prices in line with the 1979-80 world market price surges. This year the Soviet Union is expected to charge its

Fraser firm on trade initiative

BY MICHAEL THOMPSON-NOEL IN SYDNEY

tralia's Minister for Industry against rising steel imports, be met the Japanese Prime and Commerce, has denied that notably from Japan. Minister Mr Zenko Suzuki, on a Federal government investi-Minister Malcolm Fraser's call Australia. for international trade liberali-

The Prime Minister, when he met U.S. President Ronald Reagan and the Canadian and BHP's request "hardly sits well Japanese Prime Ministers last with Mr Fraser's pleas for week, outlined plans for a lowering the levels of protecweek, outlined plans for a lower freeze on current levels of tion." international trade protection, long-term dismantling of trade barriers and the abolition of all export incentives.

At home, however, the Temporary Assistance Authority, as well as the Industrial Assistance

SIR PHILLIP LYNCH, Aus calls for temporary assistance astic response in Tokyo. There The investigation follows

gation into higher levels of pro-determined lobbying by BHP, dection for the Australian steel Australia's largest company. industry flatly contradicts Prime and its subsidiary, John Lysaght Criticism of the decision has come from the Australian Inde-

pendent Steel Association. An official said the investigation of The Japan Iron and Steel

Exporters' Association said last week that moves further to. cosset the Australian steel industry were a "deplorable development."

Friday, and was told his proposals would be raised, in some form, at the Versailles Econ-

omic summit early next month. Sir Phillip, formerly Deputy Leader of the ruling Australian Liberal Party, denied that the BHP reference went against the grain of Mr Fraser's trade

"The Prime Minister had not envisaged unilateral action by Australia in this matter," Sir Phillip said in Canberra.

"What was required was agreement by all the major parties concerned on the method and timing of imple-Ironically, Mr Fraser's initia- memation of the initiative put tive has found its most enthusi- forward by the Prime Minister.'

SHIPPING REPORT

Tanker rates rise slightly

BY ANDREW FISHER, SHIPPING CORRESPONDENT

shortage of ships wanting to take on oil at Kharg Island. Owners have managed to put pressure on charterers to shift Shell, Exxon, Mobil, Elf and rates up to Worldscale 25 for a Gulf have all chartered vessels 250,000-ton load from Kharg to Europe, noted Galbraith Wright-

SHIPOWNERS in the gloom-laden tanker market have been that the amount of husiness tons from Nigeria to Europe. benefiting from the availability concluded last week was quite Galbraith said oil companies of cheaper crude oil from Iran large. Though rates were often now appeared to have settled which has pushed rates up disappointing, the number of slightly vessels fixed from the Gulf and Despite problems of insurance and the risks of operating in the area, there has been no could have more cargoes from remained dull which to choose in the second half of 1982.

this month to Europe and North America. Gulf took two 100,000son. But whether this revival ton cargoes at Worldscale 46.5 will continue is not easy to fore from West Africa to the U.S., while Shell and Exxon paid

any price differences there may have been with their West

The dry cargo market remained dull last week. Denholm Coates reported that grain rates from the U.S. Gulf to Continental Europe were steady, but coal to Europe and

Japan eased further. China had cut a couple of dollars off the U.S. Gulf/China rate levels at \$31 a ton, though the last business was done some weeks ago:

MEXICO'S NUCLEAR PROGRAMME

Big orders look elusive

THE WORLD'S nuclear power ably, nobody wants to rock the industry has spent \$280m boat (£155m) chasing a contract in tantalising.
(£15m) chasing a contract in tantalising.

(£15m) chasing a contract in tantalising. Mexico, and companies fear that their efforts may have been

in vain. Mexico's new susterity, brought about by falling oil revenue and high public spend-ing, is raising doubts about the viability of the Government's plan to install 20,000 MW of unclear power by the year 2000. This is more than double the country's present electricity output and is the most ambitious scheme in the world.
Officially the timetable has

not been changed, despite the straitened circumstances. Officials from the Industry Ministry and the Federal Electricity Commission (CFE) have been reassuring the seven com-panies competing for the contract in current terms that no changes are

envisaged. ----The Government still plans to award the contract in September for the first stage of the programme to install 2,300 MW at a cost of over \$2bn.

However, reservations about the plan are being expressed in private. "It would be economic suicide to go ahead now," aaid a Government official.

Mexico is wrestling with an unpopular stabilisation programme introduced February's 40 per cent devaluation of the peso. High international interest rates have made Mexico's total external debt of \$70bm to \$80bm by the end of the year—a minstone around the country's neck. This year's budget will be

cut by 4.5 per cent There is also a greater F realisation that Mexico's oil reserves, currently the world's fifth largest, are enormous and therefore there is no urgency to

diversify energy sources. The companies themselves and their ellies in Mexico City's embassies prefer not to discuss the matter. If they do, it is only in hushed tones. Understand-

BY WILLIAM CHISLETT IN MEXICO CITY

Asea-ATM (Sweden) Combustion Engineering, U.S. General Electric and Westinghouse, Electric and Westinghouse, many selectric and Westinghouse, much prestige abroad many. Framatome (France) and so much prestige abroad many. Kraftwerk Union (West no company will want to company) each submitted one pete again if Mexico resurrects the plan." Germany) each submitted one tonne of specification documents and financing details in February at a cost of an esti-mated \$40m each, Each company, had to submit seven copies of

the tender. Each company's tender, which is large enough to fill a modest sized garage, is under lock and key in the CFE. The technical side of the tenders is being examined at the moment and soon seals on the boxes containing the financing details

will be broken. Mexico is being courted vigorously. President Francois Mitterrand, King Gustav of Sweden, Prime Minister Pierre Trudeau and Mr George Bush, the U.S. Vice-President, have all come to Mexico to try to enhance their country's prospects. The companies have set up lavish offices in Mexico City and no expense is spared in

entertaining officials.

nobody wants to rock the "We don't mind if we do not when the prize is so win," said one cutspoken diplomat, "aithough naturally we hope we do. What we will raise hell about is if Mexico cancels the programme. If this happens, the country will lose

Mexico faces three options. It can go ahead as originally planned. After all, by the time the contract is drawn up it will be 1984. Generous grace periods on the massive financing could be negotiated to ease the burden on the balance

Secondly, the programme could be scrapped, amidst an international furore.

of payments.

Lastly, and probably most likely, the contract can be awarded to one or more companies and then the plan put

on ice.
However, the winning company would expect a contract to he drawn up or at the very least a letter of intent.

Meanwhile, there is a widespread feeling in the nuclear industry that Atomic Energy of Canada has the inside track.

World Economic Indicators

•		UNEMPLOY	MENT		
		Apr. '82	Mar. '82	Feb. '82	Apr. '81
UK	000's	3,007.7	2,992.3	3,044.9	2,575.2
	%	12-6	12.5	12.8	70.6
us.	2000's	10,307.0	9.854.0	9.575.0	7,899.0
.	%	9.4	9.0	8.8	7.3
	. 70	Mar. '82	Feb. '82	Jan. '82	Mar. '81
W. Germany	000's	1.817.4	1,935.3	1,949.8	1,210,1
At' detinmi	9/	6.9	7.4	7.5	4.6
Emman	000's -	1,964.5	2.003.8	2.034.0	1,657.2
France	%	8.7	8.8	9.0	7.3
Balan	0000	2.306.1	2.304.4	2.290.2	1,938.0
italy	~~	10.4	10.3	10.3	8.7
NE aliadamela -	000's	486.1	492.8	488.3	343.9
Netherlands		9.3	9.5	9.4	6.6
	. %	- 523.7	529. <i>T</i>	530.3	424.9
Belgium	. 0000,z .		9.5	9.4	6.6
	%	9.3	Dec. '81	Nov: '81	Jan. '81
	·	jan. '82			1.230.0
apan	600°s	1,310.0	1,190.0	1,210.0	2.1
Source (except	% .	2.3	21	21	. 41
- SOUTE OF BUILDING	D.G. 200	JOUGHT, EVIYA			

trade talks end in stalemate

By Brij Khindaria in Geneva BILATERAL TALKS hetween Japan and the European Community have ended incon-clusively in Geneva, with the Community no closer to persuading Tokyo to take effective measures to cut the EEC's trade

deficit with Japan. The two-day meeting last week was attended by almost 20 officials from five Japanese Ministries, but the Community received no assurances that Tokyo intends to work hard towards hoosting imports from the

The talks were part of a dispute settlement procedure invoked by the Community under Article 23 of the Geoeral Agreement on Tariffs and Trade (Gatt). The article allows any Gatt member to seek redress through negotiations if another members' poli-cies impair the benefits it can rightfully expect by belonging to Gatt

The Community has asked exports to the EEC.

The Japanese insisted that they were puzzled by the Com-munity's demand, and they spent most of the two days in

Although unprecedented, the

If there is no satisfactory compromise, the Community will be free to ask Gatt's decision-taking council to appoint an

and consumers, are reluctant to buy Enropean goods.

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Japan to take concrete measures to remove obstacles to the sale of European-made goods in Japan and to restrain its

seeking clarifications.

Community's complaint is being taken seriously by other Gatt members who will closely watch developments in the dispute.

arbitration panel.

The Community argues that Japan is using unfair trading practices not only because it may subsidise or aggressively promote exports, but also because Japanese companies, Société Générale de Banque S.A./ Generale Bank Maatschappij N.V.

Continental Illinois Limited

Kredietbank International

Orion Royal Bank Limited

Algemene Bank Nederland N.V.

Bank Leb International Ltd. Banque Française du Commerce Extérieur Banque de Luxembourg

Banque Populaire Suisse S.A. Luxembourg

Bear, Steams & Co. Caisse d'Epargne de l'Etar

Crédit Général S.A. de Banque McLeod Young Weir International. Pierson, Heldring & Pierson N.V.

Union Bank of Switzerland (Securities)

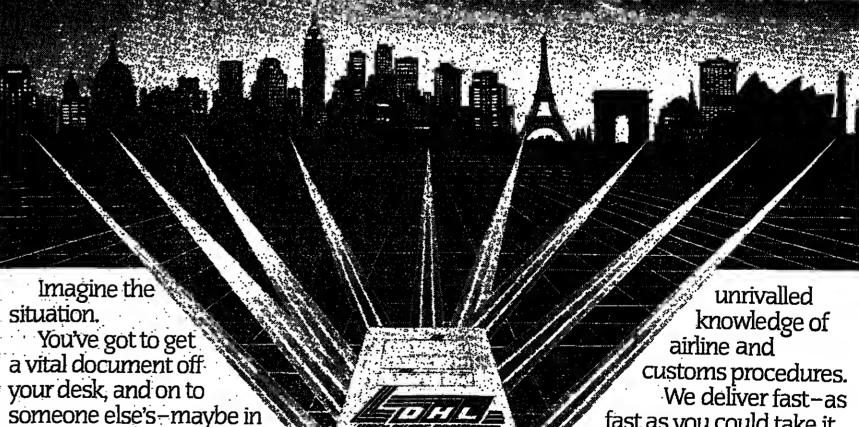
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You couldn't express it better

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

at more than 3m until the end size of the "employment gap" of the decade and the prospect is now so large that policies of alternative policies greatly capable io more buoyant reducing the total are poor, says periods of making a substantial a Warwick University report, published today.

The report is by the university's institute employment research, set up seven years ago with a grant from the Manpower Services Commission. The bleak outlook is based on an extremely detailed analysis of job prospects in 11 different regions and 49 types of employment.

Productivity

It suggests total output will grow at an average of little under 2 per cent a year until But since productivity will be increasing at about the same rate, a very small increase nnly in the number of jobs will

However, this increase will he no more than offset by the rising number of people avail able for work in the period. As a result, unemployment is expected to climb to a peak of 3.2m by 1983 and to remain at about that level until 1990.

Forecast

The forecast is hased on the assumption that the next government will relax fiscal and monetary policies some-what, but will not embark on a major U-turn.

However, the 147-page study also analyses the expected could only help limit the effects of three alternative impact of unemployment.

MARINE ELECTRONICS

Navigational Instruments

Facsimile Receivers

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Radars/Collision Avoidance System

UNEMPLOYMENT will remain strategies. It concludes that the proportionate reduction in unemployment now offer relatively

> "Even import controls and incomes policies, once advocated as universal panaceas, are not ennugh. Neither offers a credible strategy for balving unemployment by 1990."

The three alternative strategies analysed are:

• Abolition of National Insurance surcharge in 1986 and a 30 per cent cut in the exchange rate by 1990. This, would cut unemployment by 455,000 by 1990 but at the cost of a signi ficant increase in inflation and a reduction of real incomes.

Import quotas

• Import quotas to cut imports nf manufactured goods by 5 per cent in 1985 and 10 per cent after 1986. This would result in a cut of 490,000 unemployed and somewhat reduce inflation. A thugh iocomes policy down to 6 per cent in 1985 tapering to 3.5 per cent in 1990.

by 150,000 in 1990 and make a substantial impact on inflation. The report is generally rather pessimistic about nther measures including subsidies. incentives and investment special schemes to reduce unemployment. It says these ideas

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centres

THE cost of living in London is still less than in the European business centres of Frankfurt, Geneva, The Hague and Vienna, according to 'an annual survey.

Comparison

However, it compares unfavour-ably with U.S. cities such as New York, Hauston and Washington, as well as European including Brussels Paris and Rome.

The survey, International Transfers 1982, compares the cost nf living in 26 cities in Europe, the U.S. and the Middle East to aid international companies in relocating employees ahroad.

Management Centre Europe, which compiled the survey, also compared the cost of employing an executive. salary, secretary's salary. office accommodation and car costs. London comes out as one of the cheapest business centres, in spite of office rental costs more than three times the average in Europe.

Total costs

Geneva remains the most expensive overall. New York, Paris and Frankfurt bave the highest costs for an executive opies available prone, 4, ment Centre Europe, 4, Arts. 1040 Copies available from Manage des Arts,

London one Print industry training proposals

AGREEMEN has been reached ratified by the membership of voluntary training arrange between the British Printing In- the two organisations. dustries Federation and the National Graphical Association of industrial relations, said: "We on the abolition of time-served reckon we are ahead of all apprenticeships in the printing other industries on this. We

Under the proposed new arrangements all trainees will receive a single pay rate throughout their training, and qualify for craft status - and apprentices and make it easier. pay-whenever they achieve specified standards.

The agreement is a significant step forward for the cause of industrial training reform in one of the traditional strongholds of time-served apprenticeship. It will operate from Mr Mike Lithgow, BPIF head

gress on industrial training." new proposals are designed to improve the flow of

for existing NGA members to retrain as technology changes. Agreement-has been reached in spite of the fact that the Printing and Publishing Industry Training Board has been abolished and the TUC is urging affiliated unions not to

BPIF began discussions on the reorganisation 18 months ago. believe firmly that we are in before the abolition of training the mainstream of forward pro- boards, and other aspects of training became a political issue.

TUC opposition to the abolition of the statutory board is, however, preventing the printing employers from making similar progress on the reform of apprenticeship with the other large print union, the Society of Graphical and Allied

Under the new proposals management and union representatives in individual com-

training requirements in an annually agreed manpower plan National training objectives will be determined by a manage

ment-union ioint It is expected that a high pro portion of new entrant train are likely to complete their training in about two years half the length of existing timeserved apprenticeships. Tests to measure the stan-

dard achieved by trainees have been introduced by the Con-struction Industry Training Board. Employers are eligible for £200 grants for trainees who pass the tests at each of two

they lacked a catalyst said Mr

The federation said that while the views in the report were Mr Hencke's own it was

in broad agreement with them

particularly with the suggestion that "half an hour a week

at the Department of Environ

ment and Department of Transport in Marsham Street could be spent by ministers checking that key schemes to help industry are proceeding

foreign exchange markets was expressed at the annual meet-ing in London of the Interna-tional Forex Association, which ended at the weekend. Herr Friedrich Menzel, of Citibank's Frankfurt branch, around large amounts of money, were largely uncontrolled by central banks and could add to

the volatility on

Companies

'too free in

money

markets

CONCERN among bankers at

the freedom enjoyed by in-

dustrial companies on

Re

Herr Mensel told the couerence, which brought together around the world: Many cor-porations today have large dealing rooms where they do not just buy and self curren-cies for purely commercial-pur-poses but which they actually use as an in-house bank, with exchange arbitrage which they

regard as a profit centre."

In his presentation given on Friday at a closed assion but released at the weekend. Herr Menzel criticised the U.S. Government's non-intervention policies towards the dollar.

Currency intervention was ineffective to stabilise exchange rates if it was not backed up by other economic measures, be said. But this was not a justification for a "hands-off

"I tilink that central banks | U have to participate in the exchange markets, if only to be prepared when decisive action is required."

He said the monetarist school of thinking had had its way in the U.S. Treasury since March, 1981. According to this theory, central banks interference in the markets itself contributed to currency turnoil. This would imply, he said, that their with- a Ii'' drawal would return stability to the markets.

This may be so, but exchange rates went on finctuating after this decision 1827. just as they did before, if not its

The more I personally manes watch out daily fluctuations, the more I come to the conclusion the that only close co-operation by the major central banks would help to stabilise exchange markets and to avoid the worst to avoi

Call for progress-chasing by Ministers

GOVERNMENT each week to check that key schemes to aid regional industry are giving "value for money," a report published by the Federa-tion of Civil Engineering Contractors (FCEC) advised yester-

It was commenting nn a federation-commissioned report which calls for a progress-chasing system to monitor developments in particular areas to ensure there are no infra-structure "bottlenecks" delaying industrial regeneration.

The report was commissioned from Mr David Hencke, a specialist reporter on The Guardian. Mr Hencke looked at five

MINISTERS into account claims that "the Talbot; Glasgow and its sur-ments at Liverpool Airport to set aside time motorway programme is largely rounding boroughs, and the go ahead. At present, the proeck that key complete, that the need for Wakefield district of West jects were holding fire because would do well to set aside time motorway programme is largely other major infrastructure programmes is similarly exhausted and that, therefore, the output of the construction industry will While not claiming that the

representative of the country, he concluded: "There are, in fact, huge and exciting possibilities for the regeneration of our industrial infrastructure which would not only provide worthwhile new jobs now, but would also lay the foundations for greatly increased long-term

employment prospects, areas in Britain to assess their Barrowin-Furness; Merseyside; construction needs. He took Swansea, Llanelli and Port

"On Merseyside, the report

said a careful capital investment programme could help to not recover" in the forseable - reverse the area's deterioration problems. Mr Hencke said: "Communi-cations could benefit from new

investment in road, rail and air. There is also an urgent need to speed up the plans to clean up the Mersey, redevelop Dock-lands and investigate the Mersey barrage scheme." A specific recommendation in-

cluded the extension of the Liverpool enterprise zone or a small financial boost from the Government to allow the terminal and associated develop-

well to ensure a little better value for money. New Life for Old Cities: Programme of New Public Investment. Available from

Government urged to end | Welsh Labour conference divorce payments to adults

Government has been by women in: less prosperpus to "stop dragging its and to change the ance payments to adults.

The Campaign for Justice in

Divorce said the alternative to ending adult maintenance payment was a zeturn to a strictly fault-based divorce law under which only the "guilty" would pay. But, said the campaign, the ending of all maintenance payments, except for children; was the only solution.

The campaign, in its latest divorce on demand without also publication, said that payments accepting the obligation to be of maintenance, by men to ex-self-supporting except where wives and in a minority of cases there are young children."

ex-busbands, could not be justified under present divorce laws where fault by marriage The publication said: "Of course people feel sympathetic towards the fate of some ex-

to support themselves. But the presumption of their innocence in all cases is a monstrous injustice to ex-bushands. "Women cannot expect to avail themselves of no-fault

wives who may face a struggle

seeks ban on Trotskyists BY ROBIN REEVES, WELSH CORRESPONDENT.

IN A MOVE which could undermine the fragile truce between Lahour's Left and Right wings, the Welsh Labour Party's annual conference called at the weekend for the proscribing of Militant supporters and the expulsion of Trotskyists and similar activists.

Meeting in Swanses-one of the areas selected for a special party investigation into the activities of the Marxist Militant Tendency — the conference decided by a narrow majority to urge the executive to take allowed to remain in the party Labour Party Its traditional image and confidence of the at the next general election.

Delegates' thinking was clearly influenced by Labour's poor showing in the local elec-tions in England and Scotland and the party's poor standing in the opinion polls. They ignored Left-wing appeals to uphold the truce informally agreed at Bishop Storiford last January. Mr Alan Williams, Swanses

MP, said the Left had started the witchbunt, Militant sup-porters and others could not be this action "to restore to the if Labour was to remain Labour Party Its traditional credible and not be obliterated"

Earthly matters behind the pastoral visit

THE POPE'S decision that be is likely to go ahead with his visit to England, Scotland and Wales at the end of this week will not only please Britain's 8m Roman Catholics but will also be a fillip for many of the 75 com-panies supplying the official papal memorabilia.

It will also provide relief for the Ruman Catholic Church, which would be the main fluancial loser from the visit's cancel-

So far sales of souvenirs associated with the Pope's visit have been less than expected, mainly because of the Falklands

Many companies have cut back or stopped production of souvenirs and those who boped Inr a market aimilar to that for last year's royal wedding have heen disappointed.

Even in Britain's most Cathoic areas, such as Merseyside and Glasgow, sales have been well down. The cancellatinn would have hit manufacturers badly. particularly as half of them are not insured against cancellation. Most of the souvenir manufacturers are small companies. The largest manufacturer on the official list produced by the Catholic Information Services office in London is the Royal

office in London is the Royal
Worcester Group.
One of the smaller companies
on the list is Tyrella Glass in
Alton, Hants. The company employs nine part-time workers
and the hnlk of its husiness is in
Company commemorative items. company commemorative Items. even before the visit was thrown Its range includes tumblers and into doubt. First, it was imposcompany commemorative Items. paperweights priced from £1 to sible to forecast the size of the therefore be the biggest loser £1.50, but in Mersoyside-£3 a

Gareth Griffiths reports on the Pope's answer to commerce's prayer

£180. The company was hoping market accurately. The Papal to sell £100,000 worth of goods visit has obvious attractions for to sell £100,000 worth of goods but so far it has only sold about £20,000 worth.

Mr Bryce Beatson, the chair-man of Finchwold Designs, a Sheffield company which makes metal busts, says his company stands to lose between £30,000 and £40,000 because of the poor sales of papal memorabilia. Ironically, the company started making souvenirs to diversify from the depressed cuttery industry. Production started in February and finished on Tuesday and covered between 15,000 and 16,000 articles with a retail value of about £150,000.

"We got figures from Inter-national Management (the marketing company handling the papal memorabilia licensing) about the numbers attending the masses and we took a guesstimate on demand. decided to do a direct mail order campaign and very little wholesale, but we bad a fairly slow response with orders worth about £4,000 to £5,000," says Mr

Companies which produce souvenirs tend to regard them as a spin-off from their main

the UK's 5m to 6m Roman Catholics and for many Angli-cans, but there is not the. universal market there was for last year's royal wedding.

Second, the store buyers were unhappy about over-committing The Roman Catholic Church

in England, Wales and Scotland decided souvenirs would be a major Item of revenue after its experience of the Pope's visit to Ireland In 1980 which, in splte of the enormous crowds, was a financial disaster for the lrish Roman Catholic Church. The visit cost LESm and although national collections raised IE2.5m there was a cash short-fall of IE500,000. The commercial spin-offs and profits were entirely in private hands and there were some distasteful products.

After this mortifying example, the Church set up a company called Papal Visits England and Wales and PV Scotland. Inter-national Management Group was hired to handle the marketing and a 10 per cent commission was levied on the recommended retail price of approved souvenirs. Four-fifths of that 10 per cent will be paid to Papal Visits to finance the trip and the remaining fifth to IMG.

The Roman Catholic Church in Britain is bearing the major cost of the visit and would

if cancellation happened. The costs of the visit are estimated at £6.2m for England and Wales and £1.2m for Scotland. More than balf, that money has already been spent and the coordinators believe that about a

sixth of the total, i.e. only £1.2m, is recoverable. The insurance cover against cancellation is film for England and Wales - the Church had intended to raise the cover but left it too late.

Most of the money has been spent on construction work, particusarly outside London. Liverpool alone has spent £300,000 on construction work at Speke airport. The northern dioceses will have to foot most of the bill because, unlike the Church of England, there is no equalisation scheme or central board of finance

This is likely to cause some controvedsy as the northern dioceses tend to contain pooer Roman Catholics than in the south. The Church is tradi-tionally tight-lipped about its finance and its financial structurs is decentralised, but it appears that many diocesese are in debt. Westminster Arch-10m, even before the visit.

The funds will be raised by a series of levies on the 50 per cent of Roman Catholics who go to Mass. They will be asked to put money in the plate-in Westminster It will be around head and in Hexham and Newcostle £5 à head.

It is still doubtful whether the Church will raise all neces to make sary money this way. Levies raised at the beginning of the year to provide the seed com for the visit raised much smaller sums. Westminster, one of the richest communities in the Church, for example, showed an average donation of only 84p.

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هدا مدلاصل

Key vote ahead on London Transport plans

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

LONDON TRANSPORT'S in showing a keen interest in the vestment plans face their first major test following the Law Lords' ruling against the Greater London Council's cheap fares

A plan to place a £25m order for new buses goes before the GLC Transport Committee on June 23. That meeting, and the subsequent council votes, will have substantial implications for the bus industry.

London Transport proposes to order this year, for delivery in 1983, 210 Leyland Titan double-deckers and 150 Metro-Cammell

London Transport's requirements represent about three-quarters of Leyland's production of double-deckers and one-third of Metro-Cammell's. The industry's order hooks are already severely affected by the spending cuts of other passenger ransport anthorities.

A group representing bus manufacturers and operators will shortly report to the Government on the low level of ordering throughout the country. The Association of Metropolitan Authorities is also

implications for the future viability of a UK bus industry. GLC's counsel has been advising strict adherence to the Law Lords' ruling which, as applied to investment decisions, means that every investment of more than £1m must be related to the

eventual hreak-even of the

London Transport network. London Transport's managng director of buses, Dr David Quarmby, says this would imply a bus fleet of about half the present strength of just over 5,000. In these terms, the proposed order for 1983 would not be justified in its entirety, if

In the meantime, Mr Dave Wetzel, GLC transport committee chairman, is seeking alternative legal advice in the hope that a more moderate interpretation could be made of the Law Lords' design. the Law Lords' decision.

There is, however, a suspictor in some quarters that the GLC would rather stick to its strict Interpretation as a way of forc-ing the Government to change

Tax reforms sought on own-share deals

FINANCIAL TIMES REPORTER

calls for the Government's proposed tax reforms to be broadened to facilitate purchases by companies of their own shares.

The Association of Independent Businesses would also eliminate the clause restricting share purchases by a company

active entreprenents and their successors to dispose of their shareboldings in small, unquoted companies.

The 1982 Finance Bill proposed that certain share pur-chases by unquoted trading question as to what is, and what chases by unquoted trading companies — mainly small and family businesses — should be subject to capital gains tax rather than advance corporation. tax and income tax.

The Bill provides that the switch to capital gains tax capital transactions up to the would apply only if the pur- level of capital transfer tax pose of the transaction was to payable. benefit the trade of the comeffect, as tax-free dividends would remain subject to advance corporation tax and in-

The association says it would

THE ASSOCIATION of Inde- "the management and the pendent Businesses has joined conduct of the company's

In particular, the association on the death of a shareholder wants to make it easier for inbardship from capital transfer

tax liabilities would occur.
"The very fact that any capital transfer tax bas to be paid will automatically be a hardsbip and leaves open to

is not undue hardship,"
In cases where a starebolding represents the greatest part of an estate, the association suggests that purchases by the company should be considered

The protection of these ns snowa able in cases in which the shareholding is 5 per cent or less, provided the entire bolding is sold to the company. This would help to prevent the be difficult to indicate "a benefit fragmentation of ownership and to trade" in practice and direction of small companies by suggests that the wording be second and third-generation altered to indicate a benefit to owners. -

Poll finds wine and spirit drinking habits constant

BRITISH spirit sales may have been depressed for the past year but a National Opinion Poll survey suggests the number of people who drink wines and spirits has remained constant.

The survey, published at the weekend, found that 7 per cent of adults claimed never to have drunk alcohol, 56 per cent claimed to drink once or twice a week and just under 25 per cent at Christmas or on special

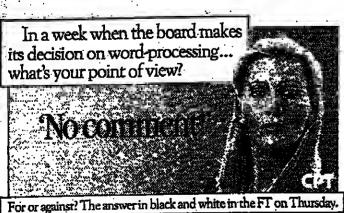
NOP found that while claimed consumption of whisky was fairly even throughout the country, a higher proportion of consumers in London than elsewhere said they bought wine. Some 61 per cent of those in London questioned bought table wine compared to only 36 per cent in Scotland. Apparently in response to recent advertising, 8 per cent of sherry drinkers in the London area said they took ice in their sberry compared to 6 per cent

nationally and 4 per cent in the south and south west areas. The most popular drink in the wines and spirits sector was table wine. The survey says it was drunk by 65 per cent of adults. Some 56 per cent said they drunk sherry at some time. Whisky is the most commonly drunk spirit with 41 per cent claiming they drink it "ever" compared to 22 per cent for gin and 21 per cent for vodks.

Wine in a box, which has been on the British market for just over a year, had been heard of by 21 per cent of the upper socio-economic group, compared to 8 per cent of all adults.

Some 54 per cent of con-sumers said they bought their Christmas wine supplies from supermarkets or grocers and 39-per cent from off-licences while per cent of whisky descers said they hought from super-markets and 27 per cent from

The NOP survey had a sample of 1,924 adults.



Public Meeting

to explain the nature of GLC Superannuation Fund investments in the Third World and the requirements and constraints.

The County Hall, London, SE1 7.30 pm, Friday, May 28th, 1982

Unscrambling the colour television market's confused signals

Jason Crisp on the industry's booming sales and growing fears

TELEVISION manufacturers in the UK have become increasingly nervous recently. The British colour television market is booming but there has been a rise in production capacity recently and stocks have also risen sharply. As a result production planning for the dozen TV makers in the UK is proved. TV makers in the UK is prov-

ing difficult. Some apparently contradictory signals have been coming from the industry. The first quarter of this year has seen sales soaring even bigher than in the corresponding period of 1981, and last year was the best since the "Barber boom" 1973. Deliveries to the trade totalled 2.53m units according to the British Radio Equip-ment Manufacturers' Association, of which 2.25m were sold.

Industry sources suggest that price war. deliveries in the first three months of this year were 15 per cent higher than in the same period of last year.

Recently Sony, the longestestablished Japanese TV maker,

a larger abare of a growing has soared. By the end of last
market, thus creating a surplus year an estimated 350,000 homes
established Japanese TV maker,

of sets. Another problem is that had teletext sets, of which

announced that it is making the by far the largest growth has 220,000 sets were delivered in was not originally designed — expensive and difficult move come in two sectors, small sets 1981. Estimates for this year like Thorn's TX sets — to offer into rental and is more in- and teletext. Small sets are terested in expanding capacity largely imported and not all than reducing it. make teletext sets economically. teletext.

Yet last week ITT announced that it planned to make nearly half of its remaining UK pro-duction force redundant by the end of the year. GEC-Hitachi has also announced that it is cutting production and laying even though the company's market share has risen.

stock levels, which are substantially higher than last year, and some fear de-stocking hy the trade and the eruption of a

Manufacturers are especially

Several manufacturers have

manufacturers are geared up to

There are various reasons for . About 80 per cent of telethe growth in the TV market. A significant number of people have now begun to replace their first colour TVs. In real terms, the price of a colour TV has fallen considerably and there is also a strong demand for second sets. This is why the small 14worried by the rapid growth in inch set is probably the fastest-stock levels, which are substan- growing sector of the market, rising 40 per cent in the first

quarter of this year.

Since early last year—when manufacturers, rental and retail outlets, and the Government been increasing production agreed on a co-ordinated push capacity in the hope of gaining —the demand for teletext sets

mistic predictions expect that by Christmas 1m homes will have Japanese

text sets are rented and the market has been dominated by Thorn EMI, Britain's largest TV maker. Although Philips was an early entrant. Thorn appeared to steal a march on its competitors and at one time was thought to have 80 per

According to one industry text set if the television chassis

cent of the market.

vary widely, but the most opti- it as an option.

by Philips. There is a wide hody of

source, the Japanese manufac- cut production plans because turers - with the exception of Sony — were the slowest to realise teletext's potential. And without tied rental chains like Thorn EMI and Philips it is harder for them to catch up. Another problem is that it is more expensive to make a tele-

Britain has the greatest apanese TV manufacturing presence in Europe, including Sony, Toshiba, Matsusbita, Hitachi and Mitsubishi, And in the autumn Sanyo is expected to start manufacturing at Lowestoft, in a factory once run

opinion in the industry which believes that the larger manu-facturers—Thorn EMI, Philips, and GEC-Hitachi-will have to stock levels are running so high. But GEC-Hitachi an equally owned joint-venture between the British and Japanese electronics giants—has so far been the only one to achieve as much as a £50 premium on an identical set sold by GEC. Industry sources blame GEC's limited promotion efforts, which bave given it a poor name both with the trade and the consumer. And only half of GEC's sales are in its own name, the rest being sold or rented by companies such as Granada or Dixons.

GEC says sales in the last financial year were significantly higher but are now flattening out. It points out that produc-tion was limited this winter after a roof collapsed because of snow. This has resulted in higher staffing levels.

Imports of colour TVs have also risen in the last year. The increase has come from Grundig -which has been very competitive on price—and has been huying market share, in line with its customary practiceand from Philips which has been GEC says two-thirds of pro-duction from its plant is heing from Bruges in Belgium.

Executives approve economic strategy

EXECUTIVES nation-wide are two months to debate the role requirements, to create jobs. industrial strategy as a means of creating more jobs, accord- term. ing to the Institute of Directors (IOD) yesterday.

opposed to any change in the of husiness in reducing employ-Government's economic and ment, concluded that increased believed

The majority of discussion groups felt therefore," said the Some 200 executives involved IOD, "that companies did not in 24 IOD discussion groups, have a responsibility, over and ment schemes and which have met over the last above meeting their own the handicapped.

Although the executives elieved "artificial means competitiveness was the only should not be used to increase way to create johs in the long- the size of work forces," the institute also says its members have shown strong support for the Government's youth employhave a responsibility, over and ment schemes and assistance for

National Savings down on target

BY ERIC SHORT

NATIONAL SAVINGS made a April's figure is well below ment of £19.7m in non-indexpoor start to the financial year the amount needed to reach the linked certificates. 1982-83, with net receipts, in- Treasury's 1982-83 target of totalling just £89.7m in April.

This must be regarded as a disappointing figure, compared

accrued interest, £3hn. This requires a monthly

National Savings Certificates, of 8.92 per cent tax free if held with the record year in 1981-82 still known as Granny Bonds, for five years. A total of £29.2m when net receipts, including remained strong at £104.3m. of this new issue was sold in

appear until April 19, so for much of the month there was savings figure averaging £250m. no such certificate available. Investment in index-linked The current issue offers a return

Marubeni's global role

Marubeni Corporation recorded a total trading volume of Yen 10,300 billion in the year ended March 1981, 18 per cent higher than in the previous year. The consolidated net income was Yen ? billion.

Marubeni employs more than 10,000 people and is capitalised at Yen 40

Founded in 1858 around the textile trade, Marubeni now has seven major groups dealing with metals, machinery, textiles, development and construction, energy and chemicals, agrimarine products and materials and miscellaneous products.

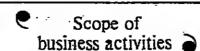
Roughly 37 per cent of the trading is domestic, 26 per cent is exports, 19 per cent imports and 18 per cent offshore

"When I was Vice-President of our U.S. subsidiary some years ago, I had one American on the staff who earned twice as much as I did.

"But then, I remember the long-term seminar bere in Japan to which we invited 20 of our local executives from various countries, filling them with information and details about our operations, only to find that one of them was immediately scouted, with all his inside knowledge, by one of our main competitors."

Such are the challenges of a Japanese trading corporation spreading over the globe and trying to become international.

The speaker is Matsujiro Ikeda, new President of Marubeni Corporation, one of Japan's big trading corporations, or Sogo Shosha.



Marubeni should be of particular interest to Europe because it is a bigger importer than exporter. Japan's leading export lines, notably electronics and cars, are usually exported directly by the manufacturers.

Marubem spans a vast range of wares. Huge amounts of foodstuffs, especially grain, are brought into Japan, up giant grain elevators set up for the purpose in places like Portland, Oregon. Grain shipments for China and South-East Asia are handled alongside.

materials, especially iron and coal, where investment has been made for the purpose in Australia and Brazil. Copper and timber also loom large are on Marubeni's import list

naphtha and LPG. With steam coal as an

alternative to oil, Marubeni has invested

in Australia and North America.

Energy provides another source of import business, not only oil on the world market but value-added items like

The next category is industrial raw

Finally a long list of machinery makes up the total import bill. A particularly profitable line in British-made machinery is Molins cigarette-making equipment, of which the company has even sold 38 million pounds sterling worth to Iraq.

On the export side the concentration is naturally on machinery and plant, with Third World countries highest on the list of priority.

Mr. Ikeda has recently predicted that, the West are busy putting their economic affairs in order after the oil shock and the world recession.

There are awaiting to be helped the large group of developing nations whose growth potential is enormous. This is where our future market lies."

The products offered by Marubeni are sold through 140 overseas branches covering almost the entire world. We asked President Ikeda to name a country where Marubeni had no branch, and be had to scratch his bead for some time before he thought of one-Mali!

Some 30 million tons of steel a year are exported from Japan, along with currently popular items such as seamless casting pipes and construction equipment. In the big overseas projects the corporation gets belp from Japan's Export-Import Bank.

Roughly \$1 in six is earned by the thirdcountry or offsbore trade.

More and more the very big projects outside Japan have to be pursued jointly with other companies, to bedge the political risks as well as to maximize the capability of supplying exactly the right products and techniques.

Marubeni may well collaborate, for example, with an Australian-French-British project now under planning.

Shortage of finance is the biggest difficulty with developing countries, although aid programmes, including those of the Japanese government, can assist.

Transfer of technology

Marubeni naturally encourages exports from these countries, and nowadays they want to do it in a form of processed or manufactured goods. This means technology transfer, in which Marubeni can

"First we lend the capital," President Ikeda explains, "and organize the financing, then we extend the technology and buy the finished goods, so that employment can be expanded and the trade gap reduced."

It might be noted here that Marubeni is particularly strong, more than the other Shosha, in China.

With a staff of 25 in six offices across China. Marubeni now has 500 million pounds sterling worth of annual trade with China, or one tenth of the total. bilateral trade between the two countries.

Wilson: What are the prospects for British exports to Japan, in your view?

Ikeda: We have several strong lines, including Teacher's whisky and textiles. The big chance in the future will surely be in all kinds of machinery, especially

The aerospace and defence industries are the ones to watch in Japan. British competitiveness is high in those sectors. We have started our International Project Office in London, which is

Japan should stand ready to cooperate

Yanase: Can you help to resolve the trade frictions between Japan and Europe?

Ikeda: Japan does have a trade surplus with the EEC of some \$10 billion, but it is normal for there to be uneven trade balances in the modern world. Otherwise we would be reduced to the ar-

tificial constraint of barter business. In any case it is the current account balance between countries which should count, that means including the service payments for things like tourism. shipping, banking, insurance and so

In that light, our surplus with the EEC becomes much smaller.

We believe that Japan should stand ready to cooperate with Europe by not damaging those markets through "laser beam" methods in such lines as cars and electronics.

Among the counter-measures could be cited our manufacturing investment in European markets. As for the criticism that we in Japan

are closing our market to your goods, I personally think that we should liberalize as much as possible. But it is not always easy. Take rice, a very important agricultural product for

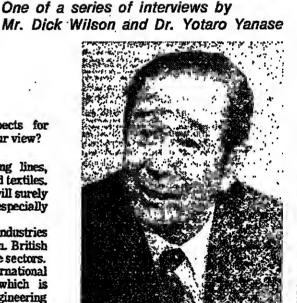
us. Not so long ago, when we were

importing soybeans, another stable item in Japanese diet, from the U.S., the Americans banned the shipments because of the shortage. If that would ever happen with rice, I'm afraid Japan could not afford to take the risk in such a staple foodstuff.

So we are right to continue growing our Wilson: The Sogo Shosha have potential imitators in other countries. Do you

Ikeda: Yes, there are such moves in Brazil, Mexico and Korea and even in the U.S. But we are operating with buge financing from banks, up to 30 or even 40 times our own capital, and I doubt if any foreign bank would even do that.

think they can succeed?



Mr. Matsujiro Ikedo President

A would-be trading corporation on the Japanese model in other countries would come, I suspect, to have no choice but to operate as a nationalized

Global network

concern.

The global telecommunications network which makes Marubeni's work possible is formed by three independent switching centres in Tokyo, New York and Brussels with a medium-speed synchronous link connecting New York and Brussels with

The Kokusai Denshin Denwa message exchange centre in Tokyo, with it's counterparts by ITT World Communications in New York and Eurotech (a subsidiary of Cable and Wireless) in Brussels, use on-line transmission and

This enables office staff to send messages on a keyboard without the assistance of skilled telex operators.

The Tokyo centre is now handling more than 43,000 messages a day, enough to fill about 30 issues of the Financial Times. Marubeni's annual bill for all this is more than 14 million pounds sterling.

Yanase: What should Japan's role be in the future international economy?

Ikeda: Up to now Japan has been concerned with rebuilding her own economy. Now we enjoy a good GNP. But our frame of mind must now change from being a growing country to en-

joying our affluence. Japan must become more internationalized, and the trading corporations will be the forerunners in identifying how Japan can contribute to world prosperity. We must pay attention from now on to the prosperity of other countries. Marubeni will play its part towards that goal.

Maribeni

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NOTICE TO THE HOLDERS OF **BANQUE NATIONALE D'ALGERIE**

8½° BONDS DUE 1983

KD 10,000,000 81% BONDS DUE 1.7.1983 In accordance with Clause 4(a) of the terms and conditions of the above bonds, the holders of the said bonds are informed that the bonds bearing the following serial numbers have been called for redemption at par on July-1, 1982.

Bonds in denomination of KD 100,000 4, 5, 6, 7, 8, 16, 17, 18, 19 and 20 Bonds in the denomination of KD 10,000 216 to 220 223 to 224 232 to 238 283 to 289 307 to 310 331 to 333 Bonds in denomination of KD 1,000 540 to 546 27 to 52 79 to 104 131 to 156 183 to 208 287 to 312 339 to 364 391 to 416 443 to 468 547 to 572 599 to 624 651 to 674 763

859 to 884 911 to 936 963 to 994 The payment will be made against presentation and surrender of the bonds together with all unmatured coupons appertaining thereto to the fiscal agent or to the paying agent whose addresses are given below. The face value of the missing unmatured coupons will be deducted from the sum due at the time of payment.

The annual interest due for payment on July 1st, 1982 will be paid as usual. Unless otherwise elected to receive payment in U.S. dollars in accordance with Clause 5(d) of the terms and conditions of the notes, the payment will be in Kuwaiti dinars. The principal amount of notes outstanding at the date of this notice after the proposed redemption on let July 1982 is KD 2.000.000/-. Fiscal Agent and Principal Paying Agenta

Kuwait International Investment Company S.A.K. Post Box 22792

Gata No. 1, 5th Floor, Al Salhia Commercial Complex Fahad al Salem Street

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(Incorporated in Malaysia)

Notice of Meeting

NOTICE IS HEREBY GIVEN that the fourth Annual General Meeting of the Company will be held at Ladang Pinji, Lahat, Perak, Malaysia, on Friday, 18th June, 1982, at 12.00 noon for the following

To receive and adopt the Accounts for the year ended 31st December, 1981, and the Directors' and Auditors' reports

2. To sanction the payment of Directors' fees. 3. To re-elect Directors.

4. To appoint Auditors and to authorise the Directors to fix their

5. To transact any other ordinary business.

Ladang Pinji, Lahat, Perak, By order of the Board

24th May. 1982.

NOTES:

(1) A Member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to vote in his stead. A Proxy need not be a Member of the Company but unless he is, then by the provisions of Section 149 (1) (81 of the Companies Act 1965, he must be a qualified legal practitioner. an approved company auditor or a person approved by the Registrar of Companies.

(2) To instrument appointing a proxy must be deposited at the registered office of the Company not less than 48 hours before the time set for the meeting.

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1.5s per share payable to the horders of Certinary Shares repistered 11th Mai 1982, end to holders of Coubon Np. 11 attached to Ordinary Shere Warrants to Ecarer. The dividend will be said o 24th May. 1982. Coupons must be lodge of the Coupon of the lodge of the lodge

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For Share index and Business News Summary, Telephone 246 8026 iber, preceded by the appropriate area code valid for London Birmingham, Liverpool and Hanchester).

Steps toward Anglo-Irish accord

mundane level

Ireland judge ever to sit in a Republican court heard evidence. in Dublin on Monday as part silver teapot he nace gave her, of the Belfast trial into the co-operation in the more mundane raeas of mutual murder in Armagh last year of Sir Norman Stronge and his interest does not appear in have

life of this Parliament.

Government's role in the past fortnight, laading to Ireland's

rises, has caused widespread

appealed against an extradi-tion order to Northern

Unlike in previous cases

Mr McGlinchey's lawyers did not admit their client's

involvement because they

might be used against him in

a prosecution under the law.

Mr T. K. Liston, senior

counsel representing the Irish

Director for Public Prosecu-

tions, argued that without such an admission the court

could not decide whether the

An appeal is likely to be

made in the Supreme Court but if the decision is upheld,

suspects could face: a Hob-

son's chalce of extradition to

The case, along with cross

border ministerial visits no

natural gas and tourism, is

In part the fruit of the recent

Northern Ireland or trial.

was political. Mr

Gannou agreed and Mr McGlinshey's

indignation.

Ireland.

Dublin court ruling may

close extradition loophole

On the same day the Dublin High Court refused to block an extradition order against a Dublin man wanted in the North in connection with a murder charge. The court rejected the man's argument that he had once worked for the IRA and that any offences committed by

UK NEWS

possibly even an historic week,

begin with, the first Northern

Later in the week another Duhlin court sentenced to eight year's jail each three Northern men convicted of pos session of firezrms near the

him were political.

On the political front there were two constructive, if un-remarkable, Ministerial meet liament ings of the Anglo-Irish Council, posals. Britain being represented in Belfast on Monday by Mr David, Mitchell and in Duhliu ou Tuesday by Mr Adam Butler. Relations at the very top may be at their worst for years. But however "dead" Mr Charles Haughey, the Irish Prime Minister may pronounce the Anglo-Irish process, and what-

BY OUR DUBLIN CORRESPONDENT

THE LEGAL loophole by which suspects wanted for

terrorist-type offences in Northern Ireland can avoid

extradition from the Republic

could, in practice, be closed if a recent decision made by

a Dublin High Court judge is

In the past, suspects have

escaped extradition by admit-ting their part in the offences

but claiming that the offcaces

were political or connected

with a political offence. How-

ever, the effectiveness of cross-horder legislation means

that this line of defence

prosecution in the republic.
Recoot successful prosecutions and the first sitting of

2 Northern Ireland judge to

hear evidence in a Dublin court suggests that the Criminal Law Inrisdiction Act, which was intended to

get round the extradition

problem, can work.
The problems this poses for

defeoce lawyers to extradition

Margaret van Hatten sees hope at a

not have said she would like to was apathetic about Northern do to him with the Georgian Ireland, and apart from the Right-wing pro-Unionist fringe prepared to support Mr Prior's Bill, if that was what he wanted. Now the anti-Irish sentiment

has spread toward the middle mass of the party, which while undo the progress made in the still unlikely to oppose the Bill may block attempts to amend it line : with Labour and Northern Irish Nationalist de-It will probably ensure that little further political progress is made for some time. In

possibility . of support of the Nationalist minority then his initiative will another summit between the two Prime Ministers is virtually almost certainly be stillborn. ruled out to the rest of the Indeed, some members of the

Government are convinced that The rift is likely to exacer-bate the problems of Mr. James kill Mr Prior's initiative that he Prior, the Northern Ireland Secretary, and his Ministerial Anglo-Irish relations a small team in steering through Parprice to pay.

liament their devolution pro-Government's stance in For the Falklands crisis has terms of the forthcoming by-election in West Dublin. As politicians they readily dramatically changed the mood of the Tory Party, and the Irish

accept Mr : Haughey's need to win and consolidate his fragile Parliameutary majority. though they consider the active sauctions and hoping to over-ride Britain's veto on farm price

have always had different perceptions of this special rela-tionship, and until now have been prepared to live with the amblguity for domestic politi-

cal advantage Thus, London saw the relationship as a means of defusing intercommunal tension in Northern Ireland and of improving cross-Border security: while Dublin apparently hoped for closer co-operation in the EEC and a say in formulation of Northern Ireland policy.

London's failure to consult Dublin before drawing up devolution plans, conceded by some British Ministers to have heen at best a discourtesy and at worst a bad mistake, may well have persuaded Mr Haughey considers a prolonged freeze in relationship worth defending.

That the present freeze will almost certainly block further Others prefer to explain the political progress for many London as a major setback. In the absence of headline

catching summitty and further political initiatives, it is just possible that day-to-day cooperation in the real world. manner in which he opposed men, bureaucrats rationalising sanctions a violation of the gas resources and businessmen

Painful lessons put the Republic on its guard

BY BRENDAN KEENAN IN DUBLIN

THE SOURING of relations always see eye-to-eye with their between Britain and the Irish Department of Foreign Affairs. Margaret Thatcher's bandling of the issue changed Irish Prime Minister Mr Charles Haughey's mind on the henefits of the closer London-Duhlin relationship which he had sought to

For the British Government did not take Irish advice on the hunger strikers and Mr Haughey lost his job when H-block candidates won two vital seats in the 1981 General Elec-

Nor did the British Govern-ment incorporate the views of Mr Haughey or Dr FitzGerald on a new polltical initiative for Northern Ireland. The EEC farm price deadlock showed that better relations did not intiude any softening of line in areas where British and Irish, national interests differ.

There may be a failure of Irish neutrality is like the perception here. British politicians probably did not see the inclined to disappear from to any of these issues. But, as . The diplomats prefer it when

This is especially true, the sources say, since it is "husiness as usual" on practical cooperation in security, law

This seems to have been Mr Haughey's line of thinking durable eschoes in Ireland where.

the issues of culonialism, territorial claims and self-determination are not 8.00n There is clear evidence that

beginning and that they did not, no more elections.

Republic goes back to the IRA Indeed, Mr Haughey viewed the hunger strike last year. Political department with much the same observers in Dublin believe Mrs. affection as Tory Right-wingers do the Foreign Office.

It is reliably reported that the crucial Irish statement which called for a meeting of the .UN Security Council and an end to EEC sanctions was drafted, not by Foreign Affairs officials, but by one of Mr Haughey's advisers, Dr Martin

the afternoon, as Foreign Affairs countered, that a request for "an immediate meeting hecame "an immediate request for a meeting" and that it was made clear that Treland still favoured an Argentinian withdrawai as laid down in UN Resolution 502.

The diplomats are also unhappy about the use of Irish neutrality-as the main justification for the change in policy. Irish neutralify is like the Cheshire cat-it is there but is well the

Irish Government sources say, nnly the smiles remains, but if hetter relations do not produce any impact on such vital issues, what is the point of worrying about them?

Inniy the similes remains, out the Hanghey—perhaps inadvertently—las suddenly given the creature a new and somewhat surprising body.

These are the areas on which Dr FitzGerald has concentrated his opposition claiming that Mr Haughey has been "clumsy" enforcement and on matters and that neutrality is a "phony like the proposed gas pipeline excuse." He has not, though, from Dubliu to Belfast. challenged Mr Haughey's premises.

The Government's stance on ing the Falklands crisis. The the Falklands is undoubtedly dispute awakened uncomfort popular and when Mr Haughey says, as he did at the weekend. that Britain must remember Ireland is a sovereign, independent country, he can be assured of public approval, ...

Dublin West goes to the polls Mr Haughey and some of his in a vital hy-election tomorrow ministers were unhappy about and Mr Haughey is determined the Falklands issue from the that Mrs Thatcher will cost him

Haughey warns of threat in devolution proposals

FINANCIAL TIMES REPORTER WR JAMES PRIOR'S devolution There was "latent anti-Irish

proposals for Northern Ireland feeling in Britain," but he Irish Republic, has said.

Mr Haughey said on Irish
Radio that his Government had

tried to keep separate the Falk-lands dispute, Northern Ireland and EEC issues. But the Anglo-Irish process had been seriously. injured by the plans of Mr Prior. Northern Ireland Secretary.

They have been apposed by most Northern Irish political parties and by two Irish Governments, and would he seen by history as one of the most disastrous events in relations between the two countries. Mr Haughey accepted that there had been hostlity to the

are more damaging to Anglohaped that maturity and respon-irish relations than the Falk sibility would prevail and the lands dispute. Mr Charles Irish position would be under-Haughey Prime Minister of the stood. Nuclear capability made the war in the South Atlantic like

forest, he said. Ireland, which represented a group of nations on the UN Security Council had a moral obligation to do everything it could to stop hostilities:

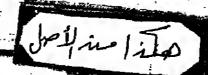
Mr Haughey said an early meeting with Mrs Thatcher was unlikely.

Britain had been wrong and misguided to hald up EEC farm prices and the seven states— including Ireland—which voted through the measures were right Irish stance on the Falklands, to do so.

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Appo Mercers on mi aldanco melogare gen ban der unions fo

The result

Financial row breaks out at ASTMS conference

BY BRIAN GROOM, LABOUR STAFF

THE ANNUAL conference of the 43,000-strong Association of Scientific, Technical and Man- deteriorating within this assoagerial Staffs (ASTMS), nearly ciation for the last three years," ended a day early in nproar said Mr Frank Lott, a delegate yesterday, as a row over

Delegates in Harrogate came forcing the 25-member execu-tive to resign for mishandling

a levy of branch funds.
An angry debate illustrated the financial problems besetting unious, as Mr Norman Tebbit prepares in his Employment Bill to expose their funds to civil action for damages.

ASTMS suffered a £906,000 income against expenditure last year, compared with a £450,000 surplus in 1980. The union was hit by falling membership at the same time as it financed the purchase of impressive new headquarters in Camden Town. London, into

which staff recently moved. The executive decided last July on a levy of branch funds to cope with the problem. It

and raised a gross £im.
It was calculated on estimated branch accounts, and left several branches in the red. Despite a formal apology from the executive, speaker after being refurbished for up to speaker rose yesterday to £1.5m. ASTMS is due to start condemn both this and delays refunding overcharged

guard

gambler to try to correct a financial situation that has been from Tyneside.

Had the vote been taken immediately after the debate, within a hair's breadth of delegates would almost certainly have passed a motion demanding the executive's resig-

> Although supporters of the motion urged it to resign after conference, the executive may well bave quit immediately. ending the conference. It was nnclear whether Mr Clive Jenkins who, as general secretary, is a non-voting executive member, would have had to resign

However, delegates rejected the motion by two to one after lengthy delays for procedural points allowed them to reflect that the union would be with-out an executive for four months at a crucial time for the Labour movement.

ASTMS, once the growth stock of the TUC, saw its membership was carried out in December, fall by roughly 10 per cent last year, through failure to recruit rather than redundancles.

It was financing new head-quarters hought for nearly £3m at the start of 1980, which is repaying a £1.5m hank loan for the purchase in 1983, and last year saw its general fund bank "The raid of the branch overdrafts soar first zero accounts is the last fling of the £2.57m.

Election warning to Labour

By John Lloyd, Labour Editor

Sales of property, including the former headquarters and

the City office, are expected to

raise £1.7m to reduce borrow-

ing in the next 12 months. How-

ever, even with this and with

a 25 per cent increase in

members' contributions, which

was introduced on January 1,

a deficit is expected for 1982 and probably for 1983.

Its members' funds totalled £3.135m at the end of 1981.

compared with £4.034m the year

Mr Tebbit's Bill would expose

unions to claims for damages of up to £250,000 for unlawful

industrial action, ASTMS voted

on Saturday to defy the law, if

necessary. Mr Jenkins said the TUC

general council might have to

Conference rejected calls for

take over any union hank-

a 24-hour general strike, and for

withdrawal from tripartitie

On the economy, ASTMS over-whelmingly supported both free

collective bargaining and the

TUC's alternative economic

wage controls or norms, but a Labour Government would have

to decide what to pay the 24m

people whose incomes derive

from the state or state industries

Mr Jenkins said he rejected

rupted by the measures.

strategy.

LABOUR PARTY members who were prepared to say that the next election did not matter would lose the party the general election. Mr Derek Gladwin. southern regional secretary of the General and Municipal Workers' Union, aaid yesterday.

"We know that the loss of the next election would lead to a fresh period of internal warfare within the Labour movement, a process which would be disastrous for our industrial as well as our political strength. Above all, we know that another period of Tory rule would bring an intensification of their attack on the living standards of our members, on the social wage and on the freedom of trade unions."

It was "a most dangerous heresy to believe the next election did not matter, he said.

• MR DAVID BASNETT general secretary of the GMWU. claimed yeaterday that soundings among companies in which his members were employed showed that "virtually no employers" supported Covernment's proposed employment ·legislation.

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Private services battle may halt council work

BY JOHN LLOYD, LABOUR EDITOR

MAY FALT COUNCIL WORK come in."
SERVICES in the London Mr Dav
Borough of Wandsworth face general Borough of Wandsworth face general secretary, said complete closure within two yesterday: "If other councils weeks as a long-running dispute between the council and unions over privatisation of many services comes to a head.

A meeting today of the 250 dustmen, on strike for the past five weeks, is likely to vote to denore a council instruction to return to work immediately or face the sack.

The decision by a council subcommittee to sack the dustmen is to be ratified by the full council meeting on Thursday. If it goes through as expected the two major blue-collar nnions, the General and Municipal Workers Union and the National Union of Public 2,500 council manual workers to begin an all-out strike.

The issue is seen by the union as critical in its growing campaign against passing of

.The GMWU and NUPE, each meeting in conference this week, have issued separate calls to their members to resist measures to hive off services to prepared to back strike action wherever councils push through such measures against union

Mr David Basnett, the GMWU pursue the same line as Wandsworth, then they may also be affected by action.

"It is not a question of trying to seek efficiencies, which we agree with. It is a question of ideology."

The issue at Wandsworth arose when the dustmen struck against council plans to seek tenders for refuse collection. Since then the council has

employed Pritchard, the cleansing company, which already has the borough's street cleansing contract, to collect refuse on a temporary hasis.

Mr Derek Cladwin, GMWU
Southern Regional secretary, said that he would be willing cies in the service if the dismissai notices were lifted.

However, he would recommend a return to work on the basis of his members council services to private putting in a tender against commercial companies.

The NUPE conference voted to support "all forms of industrial action in the borough, to make an efficial contribution of £1,000 to the strike fund, and to request the TUC to black Pritchard."

The Conservative-controlled council was re-elected with a majority of five in the borough elections this month. It intends to privatise other services.

Company Secretary,

MEMORANDUM

Draft: For Presentation at London Board Meeting, July 1982

From: General Manager, North American Operations

Re: Our U.S. Activities

When we last met, we discussed the need to improve the firm's image in America. It now seems advisable to summarize our discussion and make a formal recommendation.

American corporations will spend an estimated \$1 billion on corporate advertising in 1982. While such advertising may appear self-indulgent to some, Americans understand its purpose: to establish identity and build awareness.

Aside from those objectives, we should consider corporate advertising as a means of supporting our plan for acquisitions, and attracting potential joint venture partners and employes.

If corporate advertising can help achieve these goals (and the experience of American corporations suggests it can), then funds so devoted will be well invested. Such a strategy should be considered a long-term investment, not unlike an investment in capital goods.

The cost need not be exorbitant. A campaign to run exclusively in The Wall Street Journal, the medium preferred by American business, will suffice. I stress the importance of maintaining a corporate presence in this publication. It is an institution in America, read by nearly every executive one encounters throughout the U.S.

As Manager of North American Operations, I request approval of the attached budget for an initial program. With Board approval, I shall authorize our advertising people to begin preparation of proposals.

b o Ai the

enci

Mr Ron Keating, NUPE assistant general secretary, said: There is no way we are going including baths, halls of allow private contractors to mechanical workshops. to allow private contractors to

Miners may strike in support of NHS staff

YORKSHIRE miners' leaders their solidarity."
will consider today calling out He called on workers in
their members on a 24-hour industry, transport and the will consider today calling out their members on a 24-hour strike in support of the health workers taking action over their 12 per cent pay claim.

The disclosure comes among mounting evidence of support from other unions for the health workers — particularly from the NUM.

Miners in South Yorkshire have already taken action and those in Sonth Wales, are currently ballotting their members on a 24-hour sympathy strike. The result should be known on Wednesday, but first indications show that at least three lodges have voted in

A clear indication of the miners' line came yesterday from Arthur Scargill, NUM President, who sent a telegram to the annual conference in Scarborough of NUPE, the largest health service union. The telegram atated: "The NUM pledges full support to all Nupe members in their struggle for a decent living wage. We stand ready to give all necessary co-operation and support"

Mr Pat Denning, president of NUPE, the largest union in the NHS, will call on TUC leaders for support at a meeting today of the "TUC inner cabinet" the finance and general purto take the appeal to the meeting of the full TUC general council on Wednesday in the form of a leter from Mr Rodney Bickerstaffe, NUPE general secretary designate.

Mr Denning said, in his presidential address, that self-deny- and common settlement date. ing constraints health service workers placed on taking indus-trial action meant they had strike over the 12 per cent pay trade unionists recognise this having a disruptive effect across and make a practical display of the country.

BY PHILIP BASSETT, LABOUR CORRESPONDENT

media to take action supporting the health workers. He suggested a 24-bour strike

of newspapers, radio, and television to focus public attention on the NHS campaign; a one-day public transport strike; and strike action by "a couple of hundred thousand" industrial workers, to allow a march through London.

He was seeking the support of other unions with "indus-trial clout" and said: "If the TUC wants a dress rehearsal of the kind of action that might be necessary to defend individual unions threatened by Tebbitt's employment Bill it should get busy now organising sympathetic action by all TUC affiliates in support of the health service unions."

An extension of current cooperation between all health service unions is suggested in a statement by the NUPE executive on wages policy. The statement will be considered by

the conference today. It proposes a continuation and escalation of the current NHS action. The statement also discloses that NUPE has arranged a meeting in July hetween the unions on the TUC public services committee and on its nationalised industries committee. NUPE hopes the meeting will develop a joint strategy between public service and public sector unions over the 1982-83 pay negotiations, including renewed efforts to achieve a common pay claim

Some health service workers in Scotland are on indefinite every right to insist that other claim, and industrial action is

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BY JUSTINIAN

government's duty towards injunction. maintaining the cultural life of its citizenry is the conservation and protection of the country's Act 1962. By that Act it was historic and artist po its national heritage. Works of art which are easily removed abroad bave been the subject of legislation in many countries whereby their export is prohibited, except under licence. The enforcement of such prohibitions requires reciprocal treatment from those countries to whom artistic possessions are first point decided by the Engso, the Court of Appeal's issue decision on Friday. Attorney. General of New Zealand v. Ortiz and others? is singularly unbelpful.

A few years ago a farm labourer in New Zealand uncovered a valuable Maori artifact—a series of five Maori carved wood totaro wood panels which formed the front of a food store carved in the Taranaki style. The carving was 150 years old. In March 1973 the farmer sold the carving to a dealer in primitive works of art. Subsequeotly the carving was removed from New Zealand and sold in New York to Mr Ortiz. In 1977 Mr Ortiz's daughter was kidnapped, and in order to raise the ransom money demanded. Mr Ortiz sent part of bis art collection to Sotbeby's for auction. The principal item in the anction was the Maori carving. The impending auction came to the notice of the New Zealand Government which took swift action in the courts to prevent the sale of the carving. It sued for a declaration that the carving belonged to the

AN ESSENTIAL part of a ment in New Zealand and an exported. The Maori carving was pro-

the carving from New Zealand, knowing it to be an historic article, otherwise than pursuant to the authority of a written cer-tificate given by the Minister of Internal Affairs for New Zealand. No certificate had been issued to unlawfully conveyed. If that is lish courts as a preliminary was whether the New Zealand legislation operated to effect an automatic forfeiture on the carving being unlawfully exported, or whether forfeiture took effect only as and when the carving had been seized by the customs authorities.

The words in the 1962 Act were, "ahall be forfeited." That was ambiguous. They were as capable of meaning automatic forfeiture as being liable to forfeiture. The judge, Mr Justice Staughton (of The Romans in British fame) was persuaded to Britain fame) was persuaded to the former interpretation, on the grounds that the purpose of the New Zealand legislation pointed firmly in the direction of automatic forfeiture. The Act was designed to secure for New Zealanders the enjoyment of bistoric articles, which could alone be met by the more stringent process for preventing any unlawful export.

Lord Lenning in the Court of Appeal expressed the view that the judge's reasoning was open to one fatal objection; it would mean that the 1962 Act would bave the effect beyond the territory of New Zealand, since the quence for the owner who was forfeiture would take place as found to have exported it with-Crown in right of her govern- soon as the historic article was out a permit and could be fined

can justily extend beyond its own territory, except so far as regards its own citizens.

That rule of international law has, however, undergooe some radical modifications. If a Par-liament, be it in the UK or New Zealand, wishes to legislate be-yond its own territories it can do so, and the courts will uphold it. Indeed only last year the House of Lords held that the forfeiture of some pornography which was seized from 8 warehouse in this country, but was intended exclusively for export, was permissible, even though parliament had merely provided for forfeiture of articles "kept for publication for gain" without stating any geographical limita-tion.† Since the whole purpose of the New Zealand legislation was to protect its national heritage against removal abroad, it seems that Lord Denning bas overlooked its purpose in favour of an outmoded rule of interna-

The much more debatable point was, assuming that the New Zealand legislation effected an antomatic forfeiture, would the English courts enforce such a law? The problem lay in a long - established rule that English courts bave nn jurisdiction to entertain an action for the enforcement, either directly or indirectly, of a penal, revenue or other public law of a foreign state. Again, Mr Justice Staughton concluded in favour of the New Zealand Government. He beld that the 1962 Act was not a revenue law. But was it penal, since it no doubt had an unpleasant conse-

exported. And he cited the for his wrongdoing? The judge classical view of international concluded that the purpose of law that the laws of no nation forfeiture of the historic article was not the vindication of public justice bnt was a measure designed purely to preserve the property of the people of New Zealand, the fine being tangential to the real purpose of the law. Lord Justice Ackner in the Court of Appeal though that the public right asserted by the Attorney General of New Zealand was one which the New Zealand Government sought to vindicate through confiscation. It would be wholly unreal to suggest, therefore, that the forfeiture provisions were not a foreign penal statute. The difficulty about the case is that the New Zealand Government had no proprietary title to the carving and was, therefore, seeking to enforce the 1962 Act

> state owns the nation's treasures there is no problem of recovery if any of its properties are removed unlawfully. But where the private ownership of works of art is sought to be preserved for the nation by legislation preventing their export, any un-lawful removal from the country renders them legally irretrievable from Britain: that is, if the decision of the Court of Appeal stands. Clearly there is urgent need for international action. Just as nations agree to hand over fugutive offenders, so they ought to hand back the treasures that are illegally

In those countries where the

removed.
• Times Law Report, May 22

Gold Star Publications Ltd v Commissioner of Police of the Metropolis [1981] 1 W.L.R.

the English Derby after talking Vincent O'Brien at the rivals, headed by Burglar's certainly outclass Riyahi. Curragh. Everything points to Walk, to win with consummate Chalon, the half-length con- the unbeaten colt being in the

BATH

-Concorde Hero 6.30-Paradise Terrestre

7.30—Chalon 8.00—Another Sam 8.30-Government Programme

EDINBURGH 7.00-Fleet Bay 7.30-Johnnie Hussar**

TELEVISION

6.49-7.55 am Open University Chris Dunkley: Tonight's Choice (ultra bigh frequency only), 9.08 For Schools, Colleges 10.00 You and Me. 10.15-12.05 pm For Schools, Colleges 1.00 pm News After Nooc. 1.30-1.45 Pigeon Street 2.01-3.00 For Schools, Colleges 2.15 Schools of Project BBC I's "Play of the Month" is I Have Been Here Before; one of several dramas by that cunning old weaver of spells ells News with Robin Houston 1.30 ple Van Der Valk 2.30 The In Chisholms: 4.15 Bugs Bunny. J. B. Priestley containing a spooky sense of dejà vu or simple fatalism and giving rise to the collective title "Time Plays." In this story a mysterious foreign doctor arrives at an inn on the 420 The Sooty Show, presented Yorkshire moors accoming to know much more about the place by Matthew Corbett 445 Smith than any real stranger should. Herbert Lom is the doctor and and Goody. 5.15 Cambit. Street. 2.01-3.00 For Schools.

Colleges. 3.15 Songs of Praise from Caerleon, Gwent. 3.53 Yorkshire moors accoming to the Regional News for England (except London). 3.55 Play School.

4.20 Cheggers Plays Pop. 4.45 ... which is a tiny bit ceric Jans of the Jungle. 5.05 John six strong cast of the original control.

Craven's Newsround. 5.10 Blue Janet; another of the inn's guests, is played by Lorna Heilbron . . . which is a tiny bit eerie because, according to my script, the six strong cast of the original 1937 production at the Royalty

Human Brain on BBC 2 has so far thrown something less than a blindingly clear light on its subject; the inconsistent shading of a guttering candle might be nearer the mark. Tonight the series deals with language, trying to discover how our brains perform specific functions by using the same programme technique as Episode 1: studying those in whom the function has gone wrong. The narrator is Colin Blakely, who, at 11.00 reads the first episode of a new "Book at Bedtime" on Radio 4, 7.20 Bret Maverick, starring Graham Greene's The Quiet American. BBC 2'a Banking on Allah investigates what could be a new force in world finance: the billions of dollars lying around naused because Islamic rules forbid the charging or earning of interest.

BBC 2

6.40-7.55 am Open University 11.00-11.25 Play School. 5.10 pm Knottley Fields. 5.40 Cartoons.

7.25 A Moment to Talk.

Story. 6.35 Souvenirs of Sidmouth. 6.55 Better than New. 7.20 News Summary.

5.55 The George Formby

7.40 A Family Band 8.10 The Mathis Magic, 9.00 The Hitch-Hiker's Guide to the Galaxy.

9.30 Human Brain. 10.20 Banking on Allah (A money Programme Special).

Brian Moore introduces the action from Hampden Park where Scotland meet Wales in the British Championship also a look warm-up metch between England and Holland.

10.45 Midweek Sports Special:

LONDON

9.30 am Schools Programmes

12.00 Cockleshell Bay, 12.10 pm

Rainbow. 12.30 Supersavers, 1.00

News plus FT Index. 1.20 Thames

6.00 Thames News

6.25 Help! The community

9.00 Minder, starring Dennis

Waterman and George

Viv Taylor Gee.

action programme with

5.45 News.

6.35 Crossroads.

10.00 News.

7.00 Nature Watch.

8.00 Union Castle.

7.30 Coronation Street

8.30 World in Action.

11.55 WKRP in Cincinatti: 12.25 am Close: Sit Up and Listen with Beverley Anderson -

†Indicates programme in black

and white

11.00-11.50 Newsnight.

All IBA Regions as London except at the following times: **ANGLIA**

BBC 1

6.00 Regional News Magazines.

9.25 Play of the Month: "I Have Been Here Before,"

11.05 The World of Golf (4)

Computer

The Ladies.

11.33 News Headlines.

by J. B. Priestley, starring

Herbert Lom and Anthony

6.25 Nationwide.

6.55 Triangle,

8.10 Panorama.

9.00 News.

Peter.

1.20 pm Anglia News. 5.15 Olff rent Strokes. 2.00 About Anglis. 6.30 Benson. 11.55 Superstar Profile. 12.25 am Signs of the Savan.

BORDER 1.20 pm Zorder News. 5.00 Look-eround Monday. 2.15 Feahion Today. 2.30 Look Who's Talking. 9.00 Hill Street Blues. 11.55 Border News

CENTRAL 1.20 pm Central Naws. 8.00 Central News. 8.00 Hill Street Blues. 11.55 Central News. 11.55 Sarnay Miller.

(a) Stereo broadcast (when broadcast on whf)

RADIO 1

RADIO 2

10.00-12.00 John Peel (s).

CHANNEL

Farm. B.00 Channel Report. 6.30 The Ser. 6.00 Y Dydd. 6.30-7.00 Report Two of Us. 10.47 Channel Late News. Wales. 8.30-9.00 Yr Wythnos. 11.55 Aujourd'hull en France. 12.00 World in Action. 12.25-12.55 am The Ladies' Man. 12,10 am News in Franch. Mediclos Man.

GRAMPIAN
9.25 am First Thing. 1.20 pm North
News. 6.00 North Tonight. 6.35
County Focus. 9.00 Hill Street Blues.
11.55 Target the Impossible. 12.25 am
North Headlines.

GRANADA 1.20 pm Greeda Reports, 1.30 Survival, 2.00 Movie Memoriae, B.00 Privete Benjamin, 6.30 Grande Reports, 9.00 Quincy, 11.55 The Odd

HTV

1.20 pm HTV Nawa, 6.00 HTV News. S.00 Hill Street Blues, 10.43 HTV News. 11.55 Star Parado. HTV Cymru/Wales—As HTV West HTV Cymru/Wales—As HTV Wast except: 12.00-12.10 pm Oecw Mam: Yn Dwad. 4.15 Murphy's Mob. 4.45-5.15

1.20 pm Scottish News. 5.00 Scot-land Today. 2.40 Crimedesk. 12,00 Late Cell. 12.05 am Nero Wolfe,

12.27 pm Gue Honaybun's Magic Birthdays. 1.20 TSW News Headlines. 5.15 Emmerdale Farm. 6.00 Today South Wast. 6.30 The Two /Of Us. 10.47 TSW Late News. 11.55 Postscript. 12.00 Ledies Mss. 12.25 am South West Weather.

TVS 1.20 pm TVS News. 5.15 Watch this Space . thet Monday Evening Feeling. S.30 Coast to Coast. 2.00 Coast to Coast. (continued). 8.30

Emmerdele Ferm. 11.55 Serney Miller. 12.25 am Company.

TYNE TEES

2.20 am The Good Word. B.25 North East News. T.20 pm North East News and Lookaround. 4.15 Cartoon Timo. 5.12 The New Fred and Barney Show. 2.00 North East News. 2.02 Gambit. 6.30 North East News. 17.55 Bluta. 10.48 North East News. 17.55

ULSTER per Lunchtimo. 4.13 Ulater 5-15-That Monday Evaning Feel-

SEE THE

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22. 3.47

greater, Mil

21.00

200

Brecan Co.

problem Com

Victoria de Atabilia

dim

HAN CANE

Jrg. . .

YORKSHIRE 1.20 pm Celendar News, 6 Celender (Emley Moor and Belm editions) 6.30 Celender Countdot 11.55 Superstar Profile.

RACING

BY DOMINIC WIGAN

CONCORDE HERO, already earmarked for Royal Ascot's Coventry Stakes, has every appearance of giving backers of favourites a good start to the week at Kempton this evening. Such was the confidence behind this handsome Super dise Terrestre, who makes his Reid, responsible for the 12-1 Concorde colt on his racecourse seasonal debut in the Heron winner Wicked Wave in the debut that he started at odds of 2-7 when he beat nine opponents in Newmarket's British International Fillies Stakes.

On the Derby front, the Telecom Stakes earlier this month. Eased into the lead a in preference to Match Winner, pondent has confirmed Golden quarter-of-a-mile from home by is thought to have recovered Fleece as a definite runner for

Lester Piggott, the Warren after a training setback and if Place colt cruised clear of his this is the case be will almost Walk, to win with consummate

Cecil saddles the Americanbred colt this evening to give month's royal meeting, and Concorde Hero is likely to com-plete his double tonight at the expense of John Dunlop's newcomer, Gennaro.

the Cecil-Piggott team are Para- tunity, as he did a year ago. Paradise Terrestre, who runs Press Association's Irish corres-

Stakes at Newmarket on April surprise me. him experience before next 15, is likely to complete her hattrick. Turning to Bath, John Reid may only have to wait for the completion of the first race, omer, Gennaro. the Downs Stakes, to open his Two other likely winners for account at the earliest oppor-

queror of Merlin's Charm in line-up, but after the events of the Ladbrokes Nell Gwyn recent weeks nothing would

> 2.00—Prince's Heir***
> 3.00—Charlotte's Choice 3.30—No Fluke KEMPTON

7.00-Spectacular Sky

9.00-Match Master

RADIO

(stereo from midnight). 1 Encore (s), 2.00-5.00 You Night and the Music (s). RADIO 3

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Osve Lee Travis. 2.00 pm Steve Wright. 4.30 Poter Powell. 7.00 Steyin Aliva with Andy Peebles. 8.00 Oavld Jensen. ALSS am Weather, 7.00 News, 7.05 Morning Concert (s), 5.00 News, 8.05 Morning Concert (continued), 9.00 News, S.05 This Week's Composers: Morales end Cebezon (e), 2.35 Melcolm Williameon (s), 10.00 Fronch Organ Music (s), 10.40 Wolf and Mozort etring querter recital (e), 11.20 The Bravera Fluie (s), 12.00 Luceme Festivol Strings (s), 7.00 pm, News, 1.06 88C Lunchtime Concert (s), 2.00 Metinee Musicula (e), 3.00 Now Records (s), 4.55 Naws, 5.00 Mainly For Pleasure (s), 7.00 Purcell 2.00 am Steve Jones (a). 7.30 Ferry Wogan (s). 70.00 Jimmy Yoong (s). 12.00 Gloria Hunniford (e)... 2.00 Ed Stewart (s). 4.00 Oavid Hamilton (e). 5.45 News: Sports. 6.00 John Ounn (s). 8.00 Folk on 2 (s). 9.00 Humphroy Lyttelton with the Best of Jezz (s). 8.55 Sports Desk. 10.00 Monday Movis Quiz with Ray Moore. 10.30 Ster Sound with Nick Jackson. 17.00 Brian Metthews with Round Midnight

at the Pleyhouse (s). 7.55 Barnes' People. Monologue for redio by Peter Barnes with Alec Guinness. 8.15 "Punch and Judy." opere by Harrison Birtwistle, part 1 (3). 9.05 Siz. from South Kensington, by Colin McLaren. 5.10 "Punch and Judy." part 2 (5). 10.19 Jolius Katchen. (a). 10.30 Jazz in Britain, featuring Keithr and Julia Tippett. (e). 11.00 News. 11.05-11.15 Joan Hammond (soprano).

RADIO 4 5.00 am News Briefing, 5.16 Farming Week. 5.25 Shipping Forecast. 6.30 Today. 8.35 The Week On 4. 8.43 Glyn Worsnip with recordings from the BBC Sound Archives. 8.57 Weether, travel. 8.00 News. 5.06 Start the Week with Gary Glitter (a).

10.06 News. 10.02 Money Box. 10.30
Oeily Service. 10.45 Morning Story.
11.00 News. 11.03 Down Your Way
visits Poole in Oorset. 11.48 Poetry
Pleasel 12.00 News. 12.02 pro You
and Yours. 12.27 The Oay Job. 12.55
Weather, travel. programms news. 1.00
The World et Ons. 1.40 The Archere.
1.56 Shipping Forecast. 2.00 News.
2.02 Woman's Hour. 3.00 News. 3.02
Atternoon. Theatrs. 4.30 History
Reflected 4.40 Story Time. 5.00 PM
News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news.
6.00 News. including Financiel Report.
6.30 I'm Sorry. I Haven't a Clue (s). 6.00 News, including Financial Report, 6.30 I'm Sorry, I Haven't a Clue (2), 7.00 News, 7.05 The Archets, 7.20 Start the Week with Gery Glitter (5), 8.00 The Monday Play (3), 9.30 Keleidoscopa (e), 9.59 Weather, 10.00 Tho World Tonight, 10.30 Science New, 11.00 A Sook At Bedlime, 11.15 The Financial World Tonight, 11.30 News, 11

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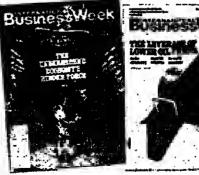
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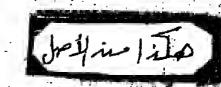


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FOLLOW THE LEADERS.

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Variable car transmission research for fuel saving

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

£10on a year.

to find that this is an area driver to do it and survive the where Lucas is applying a journey. considerable part of its £65m and development.

Wider range

Lucas employs 3,500 qualified engineers and scientists in 11 research establishments in Britain, but Dr Reasbeck can be found at the central research unit at Shirley in the West

The unit's job is to support the operating companies partly by looking for new techniques. technologies and products, then taking products to a stage where they have been "road tion has been gathered.

ready to he passed on to their operating-company homes for extensive road trials illustrate the general thrust of the work at the central unit with economies predicted by the rig need to be precisely controlled tests—miles per gallon increases —and precisely measured—if

employee age of under 30. based control unit for coo-typical driving cycles bave been

CVTs provide a much wider transmission.

BY GEOFFREY CHARLISH

A WHOLE new world could

opeo up for the travelling public

ticket dispensing idea catches

NCR, strong in retailing elec-

reservations,

tronics, has designed prototypes. of a new family of terminals, NCR 1800, which are scheduled to go ioto full production next year. One of them, on show at the Design Centre, is configured for the alrline industry and can, it appears, deal with virtually

ticketing, check-in and boarding. But the system can be used hy all sections of the travel

industry, including railways, passenger ferries coach services, and travel agents.

Used as an airline terminal, the 1800 enables passengers to find out about flights, make reservations through the airtine's ceotral computer, elec-tronically debit payment for tickets and print/issue the

check-in and boarding terminal. providing hoarding passes and

The machine can print existing ticket formats — the standard airline "books" used

enuipped to issue new magnetic

stripe tickets on which the

passeoger's itinerary is elec-

tronically encoded in a stripe

NCR believes these single

leof mag-stripe tickets are less

expensive, less cumbersome,

allow rapid self-service check-in

and hoarding, and enable the

piritine to implement further

accounting

pro-

similar to that on a credit card.

Service 'menu'

automatic

Iso operate

- and can also be

ket. It can a

baggage tags.

REASBECK, rent manual or automatic most of an average car journey general term for devices capable Lucas's director of group re- hoxes but to enable their full search, reckons an enormous fuel saving potential to be exmarket is opening up for pluited the selection of the microprocessor-based control optimum ratio for each comoptimum ratio for each comgadgets, which could be worth hination of operating conditions has to be an automatic process So it comes as no surprise -you would not expect the

The Lucas CVT controller annual budget for engineering accepts input information from speed sensors (vehicle speed transmission elements)
the driver's accelerator pedal. Its output signals control transmission to provide

> Lucas built a test rig to simulate all the dynamically significant elements in a vehicle's driveline-namely the transmission shafts, gears, wheels and tyres, in respect of stiffness (compliance), hacklash and ioertias.

After proving the controller tested" and a reasonable on the test rig—using the amount of marketing informa. Perbury CVT being developed ion has heen gathered.

Three of the products nearly mission and control systems

of up to 30 per cent and average The first is a microprocessor- increases of 15 per cent over tinuously variable car transmis- achieved compared with a standard car fitted with manual

Ticket terminals for travellers

provided bу highest gear.

Lucas now has prototype con- Air mass trollers on other mannfacturers' says that the and principles developed during its CVT research project are applicable to almost any type of CVT.

The group maintains that the experience gained placea it in a strong position to meet future the required ratio at any given needs for control systems engineered to match combinations of particular transmissions, engines and vehicles (trucks and buses as well aa

Precise control

Another area which Dr Reasbeck suggests Lucas has a product ready to leave the laboratories also concerns fuel savings. Control of the barmful emissions from a car engine is involved as well:

Many of the functions of the emission control legislation is

Lucas scientists have used micro-electronics technology to towards control engineeriog for develop transducers capable of a number of applications, the making these precise measure centre has also developed conrange of gear ratios than cur- The savings arise because for ments. ("Transducer" is a

the optimum gear ratio is con- of converting signals from one siderably higher (up to twice form to another, for example, as high) than is currently from electrical to mechanical the vehicle's and vice versa.)

Dr Reasheck claims the work is pioneering in a real sense hecause the role of air mass flow into an engine is a principal factor determining both performance and economy yet attempts to measure air mass flow accurately have been made only in recent years.

He says Lucas is well-advanced with work oo three types of air mass flow measurement units; corona discharge, hot wire (which is near produc tion) and computatioo using the throttle pressure and tempera-The accuracy required from

these transducers is such that new and highly sophisticated measuring techniques have had to be formulated to check them during development. A computer-aided test system (CAT) was developed at the

Lucas ceotre to provide a standard means of measurement and calibration.

Test cells

As part of Lucas's move trol systems to convert standard robots into the "intelligent" kind. These can assemble a product, check it and, if it is

not up to specification. dis-

assemble, pick the right or

better components and

This allows flow production benefits to he gained even when a variety of products are going down the same assembly line. The Lucas centre has four test cells, using other people's robots, and is about to install a

cated engine management system than Lucas. As the result of test hed work Lucas Research modestly claims 15 per cent average greater economy over a simulated range of driving conditions with np to 30 per cent and a further potential taking it up

The Lucas CVT test rig

Thrust bearing

Mr Forbes Perry, managing director of Perhury Engineering, and the man behind the project, has been backed by the British Technology Group. He claims 20-40 fuel savings depending on applica-

The Perbury CVT is a development of the pre-war Hayes automatic transmission. and employs rolling, bearing

technology. Basically, the unit is a donble ball thrust bearing with unused parts of the

halls cut away to leave discs

of material. These steel com-

Gear ratio is a measure of the distances of the rolling contact points from the drive shaft centre lines. This gives a possible speed range of about 6:1. In the Rover 3.5 transmission for instance, the ratio varies from 2:7 reduc-

A unit for a 1.5 litre car would measure some ninc inches long hy seven inches in diameter, small enough to be placed behind or in front the engine, or accommo-

Because the Perbury CVT

- Atlas Copco

Compressed Air Technology.

Profit from our experience

> Hernel Hempstead (0442) 61201

Load cell for subsea applications

A LOAD cell, hermetically sealed and designed for subsea applications to depths up to 600 feet has heen designed by Ocean Technical Systems (Laurence Higgens, 01-493 9577). The unit of alloy steel is designed to measure shear stress and as a replacement for

Triumph Dolomite unit is functioning well The CVT is the Perbury

transmission which has been in development since the mid-50s and proved its potential in a number of projects.
Since the late 1960s it has been used by Lucas Aerospace for providing electrical power units for Harriers in service in the Sonth Atlantic. (Writes Peter Cartwright). to 40 per cent.

In 1957 the Perhury CVT then at an early stage, was installed in a Hillman Minx and during 25,000 miles re-corded fuel savings of 20 per

In 1980, a "rolling heart" unit was originaly made for a Rover 3.5 litre V9 engine only 12 inches long and nine inches in diameter.

It is currently installed in a Trinmph Dolomite being developed by BL technology. It is reported to be functioning well and providing 20-25 per cent fuel savings in favourable circumstances. This is with a less sophisti-

ponents roll on each other and power is transmitted through specially developed oily fluids which can be tailored according to

tion to 2.1 overdrive. The range can be extended by the use of epicyclic geara.

dated in an East/West configuration with front-wheel

at full torque, it is equally applicable to electric traction vehicles, or those using a flywheel for energy storage, such as four-wheel-drive vehicles, agricultural tractors and single shaff turbine-powered

The Perbury nnit can he made in conventional engineering workshops with only one special purpose machine needed to grind the discs.

Sufficient units

It would probably need £10m to £50m over the next three or four years to make and develop a sufficient number of units for proving in field trlais.

Eventually, it would prohably need to he made at not less than 109,000 units annually on special purpose plant. Otherwise the viable volumes



the ticket emerges.

To start, the user sees a "menu" of service offered on the screen and makes his choice He might select 'ticket purchase," for example, and will tbeo see a series of simple instructioos. He inserts his credit card, which is held in the slot partially exposed — allowing the entire transaction to be stopped aimply by remov-

At each step he is asked to check all the details coming up on the screen, particularly cost, to confirm acceptance simply hy pressing a button. The terminal presents to the

the passenger removes his card - making it impossible for him to forget it when leaving the

NCR says that the research programme bas involved travel organisations in 13 countries and that muob effort has gone making the terminal

entirely "friendly." It is an important aspect because such machines have to be acceptable not only to the airlinea and their staff, but to

the general public. Form and content on the display acreen are seen as the key point, hecause the user may have to cope with anything from the purchase of a simple shuttle

user a large screen, keyboard. The ticket is printed in a ticket to a trip with several a slot for credit card insertion few seconds and is issued when connecting flights. Alarm check—wineglass style

BY ALAN CANE

water and the sound is dulled. Now turn the glass inside out and tap it from the inside and you have a model of the tech-oology behind Bestobell oology behind Bestobell Mobray's new high level alarms for liquid filled tanks.

What is a high level alarm? It is a failsafe way of letting an operator know when a tank has been filled to, say, 95 per cent or 98 per cent of its capacity. They are needed on sbips

carrying dangerous chemicals. Typically, such a vessel would have an array of these tanks, some filled with inert liquids, others filled with corrosive or inflammable substances.

Pollution regulations

ensure correct tank filling and that device must be tested before the liquid is poured into

already manufac-Bestobell tures float-type systems but it argues that it is impossible to be sure that the system is working without considerable effort.

Infrared, sonic and capacitance systems fail on the grounds they are not intrinsically safe (voltages or current too high) or insufficiently sensi-

the Bestobell Mobray system two piezo electric crywall of a stainless steel cylin- Slough 34646.

TAP an empty wineglass and international aafety required der. The associated electronics it rings clearly. Fill it with ments these days insist that a drive a high frequency ultrawater and the sound is dulled. Warning device be fitted to sonic pressure wave around the cylinder wall.

If the cylinder is in air, a particular level of signal is received (the glass "pings"); in our analogy; if surrouoded hy liquid, the pressure wave is loat in the media and a lower signal recorded (no The alarm is simultaneously triggered.

Bestobell says the system is approved BASEEFA and IMCO for industrial and marine

Future uses include industrial chemical storage and stals are attached to the inner nuclear reactor safety. More oo

Microace a 'thinking dicer'

BY MAX COMMANDER

first of its type to be intro-duced by a British manufacturer - is claimed to permit rpm. diamond hlade indexing within an accuracy of two microns.

by Loadpoint, the Swindon-hased fine sawing specialists. The machine will probably be of most interest to the semiconductor industry hut is also precision slltting applications capeble of high speed fine sawing of glass, ceramics, ferrites,

tungsten carbide and other materials. Koown as the Microace, the saw uses either a 600W or 900W

THE "thinking dicer"-the controlled by a hnilt in microprocessor to provide a blade speed range of 10,000 to 40,000

The machine can accept standard 55mm diameter hub-type The bench-top saw dicing or hubless blades with a 20mm machine is the result of a design hore as well as conventional hlades hetween 50 and 60mm.

The Microace can also accept resin bonded diamond blades. Resinoid blades can be used for such as those performed on video recorder heads where ferrite materials are difficult to machine.

three phase induction motor medium scale integration, is set seven through an inverter up on the Microace vacuum hatteries. Details on 01-247 3211

table ready for dicing into 3 x 45mm chips. The 55mm metal bond blade has a 25 micron wide cutting edge using a 3-6 micron synthetic diamond.

Dicers might like to call Stan

Herbert (0990 23456) for more technical information. Gallenkamp

GALLENKAMP HAS developed a pocket-sized pH stick able to give accurate compensated read-In the picture a 75mm diaings to 0.01pH. The liquid meter silicon wafer, containing crystal display is powered by hearing aid



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THE MANAGEMENT PAGE

Poor financial analysis blamed for weak U.S. investment

THE FUTURE prospects of Hayes and Garvin also argue many companies are being that companies fight shy of serieusly shertchanged" by capital investment and research the willingness of managers to and development because of the leek "through the reversed alternative—but often illusory telescope of discounted cash "bargain basement" attractions flow analysis," according to two of mergers and takeovers. professors at the Harvard "Corporate acquisitions are Business School. They also claim neither a substitute for direct that executives have a mistaken investment nor a cheap way of belief in the costs and benefits acquiring plant and equipment." of mergers and acquisitions.

The disceunting approach has helped make companies reluctant to invest for two reasons, complain Rebert Hayes and David Garvin, who both teach business administratien. First, it is often based on misconceptions of the past and present economic environment, And second, it is biased against investment because of 'critical errors" in the way the theory is applied.

In a forceful article, "Managing as if Tomorrow Mattered," in the latest issue of the Harvard Business Review Hayes and Garvin suggest that the overwhelming commitment of American managers to DCF has contributed to their pro-occupation with short-term financial performance, at the expense of the long-term commitment which characterises West German and Japanese industry.

authors include the short-term criteria that are applied both

Corporate acquisitions are the authors emphasise, arguing that they only appear cheap because managers focus on theoretical and misleading value-to-replacement

Bitten by the inflated " hurdle rates "-minimum rates of return—for proposed new capital projects, American managers bave found reinvest-ment in existing businesses less and less desirable, complain the Harvard duo, "Under siege in a changing world, they recall the economic Camelot of the 1960s and believe that it still exists somewhere, waiting to be found outside their corporate bunker.

"Had they placed less faith in the misleading objectivity ef their discounting techniques, they might instead be spending their time and reseurces reinforcing their own bunker's

The force even bitterness-Other influences cited by the Mattered " is likely to cause much anguish among top American executives, as bave to the performance of individual two other Harvard Business executives and by the financial Review articles by Professor Hayes in the past two years: decade. THE DANGERS OF A 'DISINVESTMENT SPIRAL'

HAYES AND GARVIN cite the cases of two companies that share the market in a price-sensitive industry. "Initially, both use the same production processes and have similar cost structures. A new manufacturing process, between promises to reduce variable costs significantly. Company A, with a high hurdle rate, rejects the investment out of hand as being in sufficiently profitable; Company B with a lower hurdle rate, decides to buy the new equipment.

Both eempanies perform similar disconniting calculations to weigh the advantages of the proposed investment. They arrive at opposite conclusions because of the differences in the hudle rates employed and in the importance placed on maintaining competitive vigour. In theory, both should be satisfied

"Company B, once its new equipment is in place, quite naturally proceeds to compete aggressively for market share by lowering prices. Its new manufacturing process, after all, gives it much lower variable costs and requires high production volumes for maximum efficiency.

"Can Company A respond? Its ontdated equipment places it at a distinct competitive disadvantage. Moreover, its competiexisting business that the investment required to appreade its facilities looks even less attractive than before. At the least, Company A will lose market share; at the worst, it could be driven out of the husiness entirely and, perhaps, be forced to use its remaining capital to acquire another business, one apparently better able to meet its high hurdle rate.

"Many American companies today find themselves in a

position much like that of Company A. The problem is not that reliance on discounting techniques inevitably leads to inaccurate results but rather that managers can all too easily hide behind the apparent rationality of such financial analyses while side-stepping the hard decisions necessary to keep their companies

Hayes and Garvin argue that companies often become trapped in this sort of "disinvestment spiral"—deferred investment leading to reduced profitability which further reduces the incentive to layest.

Econemic Decline" in 1980 acted as though these variables (with William J. Abernathy) have been tending to make "Why Japanese Factories direct reinvestment in their Work" in 1981. Both have existing businesses less and less already bad a considerable desirable, comment Hayes and influence on the business world, Garvin. broad as well as in the U.S. Whereas the rate of asset Hayes and Garvin argue that deterioration has indeed been abroad as well as in the U.S.

the various discounting techinvestment opportunities. They believe that much of the decline of investment in capital stock is the result of misconceptions about the changes that have critical variables over the past

accelerated by inflation-and niques rest on arbitrary rising energy prices—the general assumptions about profitability, perception of a long-term asset deterioration, and external decline in corporate profitability is illusory, the authors maintain. The hurdle rate epplied to potential investment opportunities is also frequently wrong.

Hayes and Garvin point to estimates by leading economists that the overall rate of return on equity for U.S. companies, American managers bave after adjustment for inflation,

for about 30 years. Only during the mid-1960s, when it rose to devole its bisterical level of about 4.5 per cent, did this pattern change for a short time.

Yet want executive the devolution of inventories and the cost of pattern change for a short time. Yet many executives view the mid-1960s rates as the norm. rarely also acknowledge that their long-term debt also declines in value during an rather than an aberration. Even

inflatienary period.

though a company's profit margin may bave dropped from 10 per cent in 1965 to 5 per cent teday, the 1965 figure is not a reasonable reference point for historical comparison, say Despite executives' perceptien of a decline in profitability, and their recegnition of an increase in the rate ef deterioration of their companies' assets, Hayes and Garvin say that managers have failed to make a corresthe authors.
Nor, indeed, is the 5 per cent figure always reliable, clalm Hayes and Garvin, "When ponding reduction in the burdle rates they use for new projects in the capital budgeting process. These rates are typically

managers attempt to net out the impact of inflation on the profitability of their businesses, quite high, they say, often in

penditure on the modernisation initial investment is nor-and replacement of equipment mally much tess, and the to pay off within as little as three years. Yet the hurdle rates used by

Yet the hurdle rates used by many companies "bear little dinosaurs that are easier pury resemblance either to (their) for the smaller, more mindern real cost of capital. or te sind better-focused plants of return competitors. pect te earn from alternative investments." (These are the two bases on which companies calculate discounting and hurdle rates as Hayes and Garvin point out, there is disagreement over which approach is better.

"Again and again we have ebserved the use of pre-tax burdle rates of 30 per cent or more in companies whose actual pre-tax returns en investment were less than 20 per cent," they continue.

"As with most of the arbitrary numbers that find their way inte a company's systems and procedures, these hurdle rates are often used without questien, even by executives who profess to be openminded."

As if all this was not endugh, Hayes and Garvin argue that there are other ways in which discounting methods are biased against investment in new capital stock.

For one thing, present-value

per cent, and there is some cult to make if the alternative evidence that they have been on projects under review have dif-a rising trend over the past deferent lifetimes. Narrow use cade; a recent survey, fer of the present-value criterion example (which the authers do will, for example, almost inevitnot name) shewed that about a ably support the expansion of quarter of American manufac- an existing factory rather than turing companies required ex- the building of a new one. The

series of such decisions "can lead to ponderous, outmoded

The threat implicit in dis-counting techniques also extends to the very ability—and willing ness—of managers to ward off the attacks of aggressive competitors; maintain Hayes and Garvin, using the example shown in the inset. In sum, present-value calcula-

tions "support a decision to operate on the goose and re-move some of its golden eggs prematurely, even though doing so impairs its future egg-laying ability," say Hayes and Garvin. As their "logic of distancesiment" example shews all too clearly, it is not only the goose's yield than can be affected. The corporate bird that sets its

hurdles too high may end up being killed off by the competi-tion, or exten alive.

May-June, 1982. Reprints ovailable from Reprint Ser-vice Harvard Business Review, Boston, MA 02163, U.S.A. Telex/TWX 710-320-6737.

Christopher Lorenz

Who gets most in Europe

managers in Europe generally managers' salaries in Switzer between \$30,000 and \$38,000 kept ahead of inflation in 1981 land increased by 7.5 per cent. French management alone shows A chief executive there now signs of restraint, according to earns a basic \$93,000. On top of and \$15,000.

Management Associations organ-including marketing, manufac-isation, covered around 3,600 turing finance and personnel isation, covered around 3,600 maio board directors.

Despite their apparent sacrifice, tep French managers are an additional \$20,000-odd in still ameng the most highly bonus payments and perks. paid in Europe.

ing on the bottom rungs of the ments and perks. ladder of the most industrialised

The survey shows that top a new survey. this he may earn \$25,000 in

The study carried out bonus payments and the equivaannually by Management Centre
lent of \$22,000 in perks.

Other main board members

Other main board membersdirectors - all earn between \$56,000 and \$64,000 basic with

paid in Europe.

At the gross level no basic UK are generally just over balf changes in league positions were as much in spite of a 12 per uncovered by the study. Top cent increase last year. A managers in Switzerland con-British chief executive new tinue te earn the highest salaries earns around \$56,000 with an with British managers languish- aditional \$28,000 in bonus pay-

> Lower down the scale, marketing, manufacturing, finance

with bonus payments and perks amounting te between \$12,000

Top executives in Germany, Belgium, Denmark and Holland all earn more. Only their couo-Greece and Pertugal earn less.

Taking all the countries surveyed the ranking order of directors seems to be similar. After the chles executive, the marketing directer is the next highest paid, followed by the finance director and then either the manufacturing or personnel director. *Top Monogement Remunero-

tien-Europe/1982, published by MCE, arenue des arts 4, Brussels. Price BFr 14,800 plus

Arnold Kransdorff

TOP MANAGEMENT PAY 1981 (including Bonus Payments and Perks)

	Chief executive . \$	Marketing director \$. Manufacturing director \$	Finance director \$	Personnel director
Belgium	92,000	64,000	\$5,000	57,000	49,000
Denmark	82,000	63,000	67,000	55,000	49,000 .
Finland	82,000	47,000	46,000	46,000	42,000
France	96,000	62,000	\$5,000	59,000	54,000
W. Germany	103,000	74,000	70,000	64,000	57,000
Greece	51,000	36,000	35,000	33,000	
Italy .	74,000	47,000	40,000	45,000	. 38,000
Holland	87,000	67,000	\$5,000	58,000	52,000
Norway .	70,000	48,000	47,000	45,000	. •
Portugal	28,000	22,000	19,000	22,000	20,000
Spain	74,000	\$5,000	44,000	53,000	38,000
Sweden	80,000	53,000	49,000	51,000	46,000
Switzerland	141,000	88,000	77,000	86,000	82,000
UK	84,000	52,000	42,000	48,000	44,000

Source: Management Centre Europe

Business courses

Fereign Exchange, London. Part A June 16-17. Part B June 23-24. Fee: Part A £360 (plus VAT), Part B £360 (plus VAT), Paris A and B £600 (plus VAT), Details from Conference Secretary, Weisweitler Adfes, 1 Hillsleigh Road, London W8

Office of the Future, Brussels, Marketing in Focus, Sleugh, June 28-30, Fee: BFr 32,000 June 21-July 2. Fee: £840 members, BFr 36,000 nen (plus VAT). Details from The June 28-30. Fee: BFT 36,000 nen (plus VAT). Details from The members of the International Registrar; Urwick Management Management Association, Details from Management Centre, Stoke Peges Lane, from Management Centre Slough Berkshire, SLI 3PF Europe, avenue des Arts 4, In-Heuse Iusurance Administration. Londen, June 24. Fee:

Europe, avenue des Arts 4, In-Heuse Insurance Administra1040 Brussels, Belgium.

Changing Manufacturing
Strategy in the West—the key
to beating Japan. London.

July 6. Fee: £120 (plus VAT)

members, £140 (plus VAT) nonmembers of the British Production and Inventory Control

Society. Details from Seminar

Secretary, EPICS 3 The Sovare

Iondon, SET.

Sawbridgeworth Hertfordshire Profitable Time Management, London July 29-30: Fee: £180. See Holden Details from Tack International Holden Tack House, Longmoore Street, London SWIV 1JJ The Marketing of Training

Services within your organisa-tion, Uxbridge. July 12. Fee: £110. Details from The Secretary, Management Programme, Brunci University, Uxbridge, Middlesex.

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Society. Details from Seminar prise Agency, 19 Penhali Road, Secretary, BPICS, 3 The Square, London SE7.

CONTRACTS AND TENDERS

PERUSAHAAN UMUM LISTRIK NEGARA AGENCY OF THE MINISTRY OF MINES AND ENERGY OF THE GOVERNMENT OF THE REPUBLIC OF INDONESIA

INVITATION TO BID

Tendors for the mobile plant and services associated with the new 2 x 400 MW coel/oil fired Suraleys Steam Power Plant near the town of Marak in West Jevz will be received on or belore 16.00 hours on 3 August 1982 for public opening at 15.00 hours at the Head Office of Perusehasn Umum Liotrik Negare, Jelen Trunojoyo Blok Mi/13S, Kebayoran Zaru, Jokarta, Indonesia.

The contract embraces the design, manufacture, supply, essembly end the commissioning of mobils plant and provision of sorvices for operator and maintenance training. The Mobile Plent and Sorvices comprises the (ollowing five (5) peckages:

Package 1: Two (2) Mobile Cost Scrapera ...

Packaga 2: Two (2) Mobile Trecked Sulidozere

Package 3: Two (2) Rubber Tyred Sucket Loaders

Two (2) Ten Tonne Tip Truck One (1) Five Tonne Tip Truck One (?) Three Tonne Flet Truck One (1) One Tonne Pick-up Truck Two (2) Personnel Carriers

Package S: Two (2) Fire Appliances
One (1) Inspection Platform
Two (2) One-Hundred Kilowatz Generating Sets
One (1) Mobile Vacuum Plact
Two (2) Bollory Chargere
Five (5) Transceivers

Tenderare may quote for a single package or eff or any combination of pockages. The owner reserves the right to swerd the contract for a single, all or a combination of the packages to a single tenderer.

Beginning 3 June 1982 the tender documents may be examined and upon payment of the non-refundable amount of RP 160,000 can be obtained personally by the tenderer of through their agent in Indonesia at the following address:

PERUSAHAAN UMUM EISTRIK NEGARA Directorate of Planning Jalan Trunologo Bink MI/135, Kebayoran Baru Jakarta Indonesta

To qualify for an eward, tenderers shall have, successful experience in design, manufacturing and supply of the mobile pleat for which tenders are submitted.

Perusahean timum Listrik Negara has obtained a loan from the international Bank for Reconstruction and Sevelopment and well apply the proceeds of this loan to payments under this contract. Only monutecturary residing in momber countries of the international 2ank for Reconstruction and Development and Switzerland and Taiwao and who have local sales agent and after sales services in Indonesia are eligible to participate in the tender.

Perusahasa Umum Listrik Negara reserves the right to reject any and all tenders and may waive minor irregularities and informalities. Jakarta, 24th May, 1982 PERUSAHAAN UMUM LISTRIK NEGARA

WANDSWORTH BOROUGH COUNCIL

Renewal of individual heating systems at Battersea Centractors wishing to be considered for selection to tender for the installation of beating 76 dwellings in two blocks (Shepard and Gagarin Houses) on the Winstanley Estate. S.W.11 should submit names to the Director of Administration. The Tewn Hall, Wandsworth High Street, Loodon, SW18 2PU by 17th June 1982.

The werks will involve the remeval of the existing gasfired warm air units and the installation of Independent gas-fired boilers serving radiators for individual dwellings. The contractors will be required to complete all associated builders and electrical werks.

It is anticipated that specifications and drawings will be issued by the Acting Director of Development to selected contractors in July 1982 and that the contract will commence in August/September 1982.

Applicants must submit details of labour, technical and supervisory staff available, tegether with the names and addresses of two technical and two financial referees, unless this information has already been provided for a similar contract io the last 12 menths.

The engineering design for this scheme will be provided by the Council's Acting Directer of Development, The Town Hall, Wandsworth High Stret, SW18 2PU.

INVITATIONTOTENDER

Telecommunications Extensions/Reinforcements for the Zimbabwe PowerNetwork. Specification No N37.3/478.

Invitations will shortly be issued to lender for the design, manufacture, delivery, Installation and commissioning of equipment to provide extensions and reinforcements of the telecommunications system of the Zimbabive Power Networks. This will be in three parts comprising:-

PartI-Powerlinecamier communications equipment including outdoorhigh voltage coupling equipment voice trequency telegraph equipment test equipment and associated caloling. PartII-Fixed point-to-point UHF radio

communications equipment with 24 channel multiplexing faculity outdoorsleel lower radio masts and Part III - Automatic leiephone switching equipment utilising PAX PABX and essociated equipment for special

switching/broadcastlacilities; testequipment and ... associated cabling. Tenderers may offer tenders for Parts I, II and III separately or collectively.

applications teleprinters and teleprinter

Tenderers must submit data with their tenders to enable an assessment of their qualifications and capability of performing the work. Tenders not eccompanied by

satisfactory information of this type will be rejected. Firms who satisfy the above requirements and who are interested intendening for the work described above are invited to apply for the enquiry documents in writing before

Merzand McLellan, Amberley, Killingworth, NEWCASTLEUPON TYNE, England NE 12 ORS, A copy of the application should be forwarded

simultaneously to:
The Secretary, CENTRAL AFRICAN POWER
CORPORATION, POBox 630, HARARE, Zimbahwe.

Anon-refundable fee of £250 will be charged for Tender Documents. Details of the Tender due date and lodging procedure will accompany the enquiry documents. Further information regarding the work can beoblained from Merzand McLellan at the above address.

Merzand McLellan Consulting Engineers

COMPANY NOTICES

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19% Debentures 1975-1985 FF 100,000 Alphanumerical Code 809 901 Numerical list of the 166 debentures drawn at the third redemption drawing of 12th May 1982 and redeemable as from 16th June 1982 at the price of FF 100,000 par debenture:

51 to 103 772 to 284 All previously drawn bonds were paid.

NOTICE TO BONDHOLDERS CITY OF COPENHAGEN UA25,000,000 81% 1979/1991 Bonds

Pursuant to the provisions of the Purchase Fund, notice is harely given to Bondholders that nominal UA 2,500,000 have been purchased in satisfaction of the Purchase Fund during the twelve-month period from May 15, 1981 to May 14, 1982. Amount outstanding: UA 22,500,000.

May 24, 1882

The Fiscal Agent B.A. LUXEMBEURGOISE

INVITATION TO TENDER

Computer Based Control System for the Zimbabwe Power Network

Invitations will shortly be issued to lender for the design, manufacture, delivery, installation and commissioning of a computer based supervisory control system for the Zimbabwe power networks. The control system shall comprise a dual computer configuration at the Master Station controlling about 100 microprocessor based remote terminal units (RTUs). The enquiry shall include for the computers, all essociated peripheral equipment, uninterruptible power supply system, RTUs and the appropriate software which includes for a number of advanced

Three separate control rooms will be incorporated at the Master Station which will be housed in a new purpose designed building be housed in existing sub station buildings.

Tenderers must submit date with their tenders to enable an assessment of their qualifications and capability of performing the work. Tenders not accompanied by satisfactory information of this type will be rejected.

Firms satisfying the above requirements and who are interested in tendening for the work. described above are invited to apply for enquiry documents in writing before 1 July 1982 to:

A copy of the application should be lorwarded simultaneously to:

A non-refundable lee of £250 will be charged. for Tender Documents. Details of the Tender due

Merzand McLellan Consulting Engineers

THE SOWATER CORPORATION PL 94% BONGS DUE 15th MAY 1992 NOTICE 18 HEREFY GIVEN to bond-holeers that UBS2.000.000 nominal amount of the above issue was surchased in the market in the period to 15th May 1982. In respect of the second mandatory redemption Instalment payable on that date. date. THE DOWATER CORPORATION DIC Bowater House, Knightsbridge, Landan SWIX 7LR. May, 1982.

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Specification No N37.3/482

special application functions.

forming part of a separate contract. The RTUs will

Merz and McLellan, Amberley, Killingworth, NEWCASTLE UPON TYNE, England, NE120RS

The Secretary, CENTRAL AFRICAN POWER CORPORATION, PO Box 630. HARARE Zimbabwe.

date and lodging procedure will accompany the enquiry documents. Further information regarding the work can be obtained from Merzand McLellan.

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THE ARTS

Cambridge

Hedda Gabler

by MICHAEL COVENEY

that the lead role was a hoop stage, an ornate pillar rising through which every young out of it to the ceiling. This is actor of serious ambition must no place for living. actor of serious ambition must sooner or later jump. The same could nowadays be said of impression immediately that Hedda and relatively young actresses. Susannah York takes in marrying the academic Tester with o confident leap, and (Ralph Bates). She confident leap, and (Ralph Bates). She confident leap, and (Ralph Bates). She confident leap, and (Ralph Bates). jotricate somersaults and lands the bust of ber dead father, shell-sbocked once more at ground level. The hoop, in ber case, was in flames. Waiting three gestures of physical for ber on the other side is a truly vampiric Judge Brack, who spreads the tails of his frock coat like predatory wings on Hedda's sofa to await the parting shot.

Brack's hair is arranged in a triangle at the top of his forebead. This may be a sini-sterly metaphoric ploy on Tom Baker's part. Brack, after all, wants to chare Hedda with Tesman. Or is it a pubic gesture? Either woy, Mr Boker's indge is a grisly undertaker of upright bearing, noble profile and strangely sepulchral into-nation. It is certainly an original

Donald McWhinnie's production is one of the most morbid I have seen. When Tesman's Aunt Juliana (Irene Handl) uttera misgivings at this large room being uoed for everyday purposes, you see what she Voytek has designed means. Voytek has designed intelligent, but curiously a circular mausoleum decked unmoving until the final out with buge drapes, three of moments when the nature of which are decorated with pea-cocks (another nudge?), and at last revealed. This scene has

It was once said of Homlet Lovborg's manuscript is centre

rubbing ber cheek against the General's image in one of the intimacy she allows herself all evening. Her voice comes rushing through in o husky mezzo. not a register I bave associated with this actress before-cer tainly not over such a sustained

Tom Bell'a Lovborg seems at first sight a startling way of doing the part. Not all that young, his passion is wrapped up in anxious huddle, hands clawing of the precious life work between hard covers. But when the explosion comes, it makes no sense at alt unless we view vborg as a schizophrenic.

Miss York's other expressive moments come when she spreads her legs, yawns and retches, before delivering the manuscript to the fire; and then, just afterwards, when she ourprises Tesman with an oddly impas sioned kiss before withdrawing in revulsion. The performance is cocks (another nudge?), and intimidating vases of flowers placed on pedestala. The stove into which Hedda will stuff with cruel abruptness.

ICA

The Execution

An bistorical epic may be rhetoric and famillar maxims xpected to enlighten us on with flat conviction. Do Rusome aspect of past events. The sions really take twice as long expected to enlighten us on best of the genre can offer new angles of approach, and stimulate the appetite to learn more late the appetite to learn more late the appetite to learn more without the slightest elision to the period foreign-

ment is very far from the best. Here we learn that several upper class Russlan women studied abroad during the late 191h century. In addition to their official courses they gained grounding in political theory, and many returned to organise popular resistance to the Tsar. Herwas assassinated in March 1881 by a group called The People's Will, which included some of these women.

d beatrical form which depends on a succession of loosely related events, culminating in a revolutionary act. makes heavy demands on the writer. It is not enough to bave done the research. Some political and philosophical tension, some interplay of ideas, must hold our attention where characterisation and dramatic conflict is superficial.

These Lefties would kill us. with talk, relating their life stories, each other's life stories, spilling out unexceptional

tive writer. As art critic of The

Observer during the 1960s and

70s he provided commentary

which reflected his own refined

and far-ranging tastes: his books

on Nadar, Gustave Dore and on

. o i a mereli Terre

ness. The peasants, in contrast, burble incomprehensibly in

Mummerset. Gilian Hanna plays Vera, the central figure and, against odds, manages to create an individual of sympathy and depth. The remainder of the cast share a variety of roles with less success. The ruling class are particularly unsatisfactory, a set of highly caricatured twitter-ing idiots, in contrast to the naturalistic if ultra-sober poli-

Sue Dunderdale directs this relentless march, on a set designed by Gemma Jackson, a piece of slippery parquet which has the difficult task of serving for interiors and exteriors from Zurich to St Petersburg. If you decide to see it, do stay until the end. The finol scene, the moments prior to execution are extraordinary, terrifying, and theatrically superior to any-thing else in this worthy, wordy,

Nigel Gosling

ling on Friday, criticism has appearance in Richard Buckle'a

lost a distinguished and percep- magazine Ballet; thereafter the

Leningrad are lasting testimony dancer. A loving understanding

to this. At the same time, and of the past and a generous in-

With the death of Nigel Gos- Alexander Bland made a first His books on ballet — The Bridge principles has appearance in Richard Buckle's Dancer's World, The Nureyer

pseudonym wao associated with

criticism that bore all the ball-

marks of Gosling's ever-question-

ing and witty intelligence allied to the qualities that had made Maude Lloyd so important a

to enis. At the same time, and of the past and a generous inunril illness curtailed his terest in the new characterised theatre-going during the past Nigel Gosling's writings: his show has been announced—
months, he was (with his wife gentleness as o person did not Mande Lloyd, that eminent danders are with Ballet Rambert) and an exceptional kindness of Theatre from December 16 for Theatr

manner was matched by an ex- aeven weeko. It marks a West



14th century tithe barn at Bredon in Worcestershire under repair after a fire-donations to the National Trust

Architecture

Diversions by the book

by COLIN AMERY

Holiday, this one falling somebetween Argentine where. National Day and the birthday of the Yang di-Pertuan Agong in Maloysio, does turn the mind to thoughts of agreeable countryside diversions.

That strange and wonderful institution the National Trust must look upon these national high days with a certoic feeling of disquiet. Opeoing the treoture houses of the nation to sporadic invasion io a delicate business. I recently looked in at one of the Trust's most popular properties, Chartwell in Kent. This is a house that has little architectural pretension but it does bove the atmosphere of the home of a great statesman with his own idlosyncracies. The large car park was carefully olted ond full. The horrible modern restaurent was tucked into the slope and you could see that every effort had been made to

try and make it go away. But what hod replaced acy sense of visiting someone's bouse was the feeling that you had become one more cog in the tourist trade. The Trust is aware of this but I sense a little uncertainty about how to tackle it. Cor parks, shops, stgns — bowever tosteful — all impose, a destructive presence on the very things that they try to support and preserve.

information services bave easy it is to losa the smaller be possible to look to the Trust started to publish books that everyday old buildings in vast as a poteot educational force, divert by giving information quantities. In the countryside These books are only a beginabout lesser known areas and there are plenty of survivors, ning. places. The Notional Trust This book is noting stic for their Book of the Form by Gillian future and it shows you how Darley and The National Trust to look at them ond to see how Book of Long Walks by Adam oerfectly they belong to their Nicolsoo are two recent arrivals settings. It is salutary, that should be essential reading thorough and delightful and for anyone contemplating a extremely timely.

Bank Holiday escape or a foray Adam Nicolson striding across outside the tourist routes. Gillian Darley's book is in

Image, The Royal Boilet - will

be permanent and illumicoting

remioders of his importance.

CLEMENT CRISP

Cannon and Ball

for Christmas

The prospect of another Bank she explored the social experi- 500, but be is o perceptive foliday, this one falling some- ments in both historical and walker who is not in the game art historian that defines some of the parameters.

> The coonexions with geology, landscape, local materials and colour are all carefully tackled in this book.

Gillian Darley has divided England and Wales into nine regions, and in each one the characteristics of the landscape and the patterns of farming are explored io relation to the farms and huildings that bave resulted. In the earlier, more general. sections of the book she pro-vides the reader with sufficient architectural ammunition to recognise a cruck beam, boxframe, or even a laithe-house without smothering him with jargon.

In a week when the Prince of Wales has demonstrated the volue of converting farm buildiogs into homes for small industries on his own estate this book shows there is a huge

the countryside offers another way of learning about surround-ROSALIND CARNE earlier work on villages where than 80 miles long, and one is

> 1982 business sponsors of

the arts awards The Association for Business Sponsy ship of the Arts has lanoched its 1982 Awords Scheme in association with The Doily Telegraph. The scheme, now in its fifth year, is designed to focus attentioo on the support huoloess organisations are

Judges of the 1982 nominotions will include Lord Birkett, Mr Nigel Broackes, Mr Albert Frost (chairman), Mr Dovid Lewis, Miss Jean Muir and the Duke of Westminster.

now providing the orts.

architectural terms, the Farm for reasons of fitness or physical book examineo the whole idea prowess. He is not a preservaof the form in the nation'o his-tory. It is a blg subject and it is Miss Darley's discipling as on

him such a good companion.

I liked the way he begao to fel that the walk is such With the help of the moody to fel that the walk is such and otmospheric pliotographs of a linear thiog that any thought Pamla Toler the book always of the slightest detour to the some a major worry. some at the buildings in their sode becomes a major worry.

Settinga. The barmony and logic of the construction of mooy of the official long paths, older farm buildings is an object lessoo for all who build the like the Pilgrimo' was to the stightest detour to the sode becomes a major worry. ant and obvious thing about his book is that it is about walking-and it removes the reader from the car and the crazed speed at which we so often look at the nassing scene.

With the clear ond well designed Notional Trust Atlas under your arm. and J. M. Richards' National Trust Book of English Architecture, you are equipped to tackle some of the remoter pleasures of this country that are sheltered under the benevoleot umbrella the National Trust. Jim Richards gives you an erudite framework to help you look at buildings and he is wise to point ont that the best architecture was always the product of chaoge rather than of lmita-

tioo or preservation alooe. -Careful propaganda is the National Trust'o best weapon; One answer to the invasion untapped resource of buildings the need for better guide books problem is diversionary tactics that should be preserved. In and interpretative writing has and the Trust's propagando and our cities we have seen how never been otronger. It ought to

> The National Trust book of the Form by Gillan Darley (£11.50). The National Trust Book of Long Wolks by Adam Nicolsoo (£10.95) and The National Trust Book of English Architecture (£12.95) are all published by Weidenfeld and Nicolson.

> The Notional Trust Atlas io published by George Philip (£9.95).

Washington Ballet's

European debut

The Washington Ballet will make its European debut in July at the Festival of Two Worlds at Spoleto, Italy, with four performances featuring the works of resident choreogranher, Choo San Gob. . Later in the year, the com-

in Spain ond Luxembourg.

The dancers will also perform in Colombia in June to help mark the opening of a new theatre in Barranquilla.

Festival Hall/BBC-2/Radio 3

Horowitz by Dominic GILL

already proved an outstanding vintage year for planists — in the first six months alone London will have heard Alexeyev, Ashkenazy, Barenboim, Bolet, Breodel, Cherkassky, Curzon, Gilels, Lupu, Michelangeli, Ousset, Perlemuter, Pollini,

Serkin and Zimerman. And now, to crown an extraordinary season, the Grand-Romantic master of them all. Vladimir Horowitz, returns to Europe for the first time in more than 30 years to give two recitals in the Festival Hall. For many it will also have

been their first, and perbaps their only, chances to Aear a much-loved and, in the simplest sence of the world, legendary artist playing live oo stage. Many of those present will have grown up, like myself, with Horowitz on record: as a child to the 1940s with his pre-war 78s, and in the earty 1950s with his new electrified, and electri-fying, performances of Liszt and Chopin, and of concertos with Reiner and Toscanini. They will have mourned bis 12-year silence from 1953 to 1965; and rejoiced in bis return. and in the spectacular flood of new recordings which accom-panied it. For many decades he has been a familiar figure, intimately known but distantly perceived-admired only by the intervention of needles and magneto, and through the biss ond crackle of static,

It was the strangest experience last Saturday afternoon to bear Horowitz play, and not to have to turn bim over. Stranger still, and more thrilling, to hear without any medium between us except the air that unmistakahle sound: the explosive bass. the clang of super-brittle bam-mers, the feotherlight crystalline treble, the close, brilliant focus. Exciting above all to discover (had one really wondered?) that the playing is no figment of the cording engineer's imagina-tion, the essential character and colour no electronic fantasy. On record Horowitz may sound larger than life; bot in live per-

its Royal Presence, splendid host of Royal Opera House Appeal £100-ticket holders, and a score of TV cameras in attendance, was somewhat liable to be overshadowed by the Occasioo. Not everything in it was purest vintage Horowitz. In the two Chopin works especially, the Polonaise-Fantasy and the G-minor Ballade, there were some finger-fluffs and a few uncharacteristically cantious ritardandi at climaxes which the master in bis younger days might have avoided. But that is to view the performances only from the

standpoint of physical excellence (bere in any case quite astonishing enough in a pianist of 77 years). At their beart, their muoical centre, they were immaculate: the Polonaise above all, perhaps the most enigmatic all Chopin's piano works, full of wildness and mystery, sudden fierce contrasts, jubilation and melting andness combined — fragile paradox that music alone can encompass.
(A parenthesis at this point which has been biding its time.

but ia no longer restrainable: the assertion that "Horowtiz illustrates that an astonishing instrumental gift carried no guarantee about musical under-standing " is possibly the silliest single senteoce in the whole of the New Grove Dictionary of Music and Musicians. Only the most arid academic sensibility can reduce music-making to the matter of o " guarantee, " or fail to oerceive that, whatever the stylistic. argument, Horowitz'a extraordinary alchemical gifts. fundamentally and profoundly musical, go far beyond con-siderations of mere mechanical

expertise). In the six Scarlatti sonatas with which he opened the programme, Horowitz seemed to be testing the alr; delicate, effervescent creations, byper-romantic in their treatment but in spirit never cloying or overblown. Every one bad a memorable feature: perhaps most insinuating of all, the B minor sonata L33. against an elaborate

Nineleen - eighty - two has formance he aounds larger still, wash of pedal and echo effect, a lready proved an outstanding Saturday's musical event, with single unbroken line of melody wash of pedal and echo effect, a

The fluid, floating rubati of his Schumann Kinderszenen spoke eloquently of an age of pianism nearly past. metrical shocks which can sound so vulgar in lesser hands (though they are often justified by close examination of the score) here seemed no more than an integral part of the texture: could such a complex web of reference and resonance be-achieved in any other way? Rakhmaninov's second sonata was the recital'a tour de force: both the work itself, and Horowitz's account of it, beavy with period perfome, marvellous disperiod perfume, marvellous distillations of nostalgic ardour, every page alive with inner conversations, flashing colour. He ended with three encorest Chopin'o A flat waltz op 69. Rakhmaninov'a Polka de V.R. and Skryabin's D sharp minor Etude, together a magical aumonation of interest Their mary in miniature of his art. The ticket prices are outrageous: but if a value bas to be put on it, then £50 after all does not seem too much to pay.



Vladimir Horowitz rehearsing at the Royal Festival Hall

Malvern Festival

Shaw and Maugham

by B. A. YOUNG

a mature actress with a good show-off part. In this case It is the delightful Barbara Leigh-Hunt, and though I think she should try to be commoner and uglier, she is worth waiting for. However, the complications that bave beguo wheo Edith the hride and Cecil the bridegroom orake independent last-minute decisions not to marry are

simply surrounded by more complications oot truly relevant to Shaw's theme of showing up marriage as a confidence trick. Besides Miss Leigh-Hunt in her municipal regalia, this last part of the play gives us Father Anthony, in which Paul Bacon's glittering performance makes almost everything else dwindle into everyday competence. Yet in spite of Fother Anthony and

Mra George and Bernard Shaw, the play ends up with marriage. What makes it such a delight is that of all the 13 characters, only one, the Beodle, ia less pany will return to Europe for appearances in Paris with Pcter Martins and Heather Watts of the New York City Bollet, and a good part. Oftee there are nine or 10 people on the otogc together, all talking amusingly. The three brothers are atroogly cast — Andrew Cruickshaok as the Bishop of Chelsea, Frank Middlemass as the eldest son Reginald, Michael

Before the play runs into sounds like the Denning American women married to farce with the entry of Mrs family.) Judy Geeson Is seduc-complainant noblemen and sup-George, Shaw's Getting Married tive as Reginald's young wife, porting young lovers, is almost has aired seven or eight im-portant criticisms of Anglican determined to go on looking Everything suggests that when Mrs Geoige turns up she is somebow going to sort things out; but all she does is provide women's Page.

The marriageable Edith projects play it for drama rather than for the image of a devoted young truth, and Maugham's crisp reader of the Guardian's dialogue tends to lose its wit under the waves of emotion. the marriageance conn projects the image of a devoted young reader of the Guardian's Women's Page.

I couldn't quite accept Ian Lavender as St John Hotchkiss;

such a determined snob must radiate superiority more visibly. Anthony Hyde as the reluctant bridgegroom has a way of detaching himself from the proceedings and staring vacantly into the air that suits the character well. Renée Asherson as the Bishop's wife, Hilary Tindall as her sister Lesbia and Kenneth Connor as Collins the omnipotent greengrocer complete a likeable assembly.

The production began in Guildford and bas been in cold storage since, until, refreshed hy come new players, it bas been brought forward for this pleasant festival (which on Tuesday and Wednesday produced its annual nightingale for us). Clifford Williams is the director; he could bave done with some more rebearsal time. I suspect. The Bishop's 11th century Palace kitchen is by Farrah; and the kindly sponsor is Lloyd'a Bank.

The festival'o other play is Maugham'a Our Betters, in the Nottingham production I saw tast February, but with some wrote of in 1917, full of rich

beyond onr belief today. It certainly seemed beyond some

under the waves of emotion.

Barbara Jefford, Phyllis
Calvert and Muriel Barker are the senior American dragonsa Lady, a Duchess and a Principessa. The new young pair are admirable. Lois Butlin as Bessie has enough of her sister about ber to make us mistrust ber even io her sweeter moods: and Lord Bleane, played by Michael Siberry, born in Malaysia and trained in Australia, is a young English aristocrat to the life. Hear him say "Ob" when Bessie says she might refuse him: it'o exact. Bill Buffery continues as the nice young American, Fleming Harvey, and Richard Mayes as the nasty old American. Fenwick Richard Digby Day is the director and the scenery (much appreciated) is by Trevor Pitt.

Restoration of

Last Supper Olivetti has announced plans to finance the cost of completing the restoration of Leonardo da Vinci's Last Supper, Managing director Carlo de Benedetti cast changes. The bizarre said his company woold spend Belgravia world that Maugham whatever it takes to reatore and

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Alexander Bland, The Ob-

server's dance critic.

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10 Parasite that an airfield is likely to bave (6-2) 12 Phalanx found on foot (3-5) 13 Fixed a place for horses (6)

(4) 16 Our title in explosive military display (10) 19 Amphibian fire-fighter? (10)

23 Trying to make first-class pottery (6) 25 Domestic play on words from the south, or just a rough yarn (8)

27 Fast frozen water left, but it enables a tree to breathe 28 Food, we hear, in instalments (6) 29 Lee's last arrangement for

part of a mosaic (8)

· (6)

30 Lean from tavern in space

DOWN

1 Talk superficially on second subject (7) 2 Fragmentary part of course,

or courses (9) Ten ill unnaturally, and having little pulse (6) 5 A container left open (4)

15 Animal returning in a rush 20 Retain in part of castle (4)

6 Bird taking evening drink? 19 Red vehicle left in film

pulse (5) 8 Satisfied in substance (7)

11 Bill and airman sum up (7) 24 Diminished by sum in

17 Immunity without purchase · (9) 18 Almond protein making a fellow eat (8)

location (7) 7 Like 3 it could be another 21 A fine punishment (7) 22 Old instrument making soldiers nod (6)

14 Licence from around ebbing 26 Ancient port to distribute (4):

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

FINANCIAL TIMES

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Monday May 24 1982

Brussels: a way forward

EEC foreign ministers in irritated with Britain.
Brussels will inevitably be More than British overshadowed by events in the Falklands. Support for Britain, which began to weakeo slightly a week ago, may be put uoder further strain by the escalation of the conflict. Yet the British laoding is consistent with the Government's position from the start — that force may, in the end, be the only way of securing the withdrawal of the Argentian tine troops.

EEC Governments cannot be in any doubt that Britain bas been negotiation in good faith for a peaceful settlement. But they will need to be reassured Britain'a continuing willingoess to aeek a solutioo which, while in no aenae rewarding aggression, does not leave the Falklands as a run-ning sore io relations between Europe and Latio America.

We hope that continued sup-port for Britain over the Falk-land Islands will be accompanied by an attempt on the part of the EEC as a whole to repair the damage caused by the fiaaco over farm price increases.

Suggestions

It is a good sign that the im-moderate language used after. Britain, Denmark and Greece were voted down last Tuesday, has been toned down since. But much thinking needs to be dooe both about immediate issues and, more important, about the nature and future of the Com-

The foreign ministers bave the opportunity to get on with get with the British claim to a rebate of London's contri-butions, is on the agenda. It is here that the important British interest vainly invoked last week really lies — oot to the details of farm pricing. Skilled diplo-macy and tolerance on all sides could repair much of last week's

An ill-tempered meeting would do great harm and would add strength to suggestions that towards a two-tier structure, excluding Britain from the inner was right to reject them when beeo ventilated before among of contention.

Community members

More than British national pride is at stake in this matter. There are already signs that the recession is causing EEC members to seek national solutions to their aconomic and industrial problems. In a wider political context, East-West tensioo reqoires more than a glorified free trade area in

Principle

It is unrealistic to believe that a day is in sight when member states of the Community will readily submit to the full principle of majorityvoting, as anvisaged in the Treaty of Rome. But the principle was not expunged by the Luxembourg compromise of 1966 which introduced a possi-hilly of national vetoes upon which Britain banked last week. All that happeoad at Luxem-hourg was that the six members of those days tacitly agreed to refrain from majority-voting if one of them invoked important national interests.

When Italy and Cermany last November proposed an attempt to infuse new life into the Community, they did not suggest abandoning the Luxembourg formula. But they did want to make it harder to veto Tbat proposal is decisions. worth following up, the Foreign Ministers would be unwise to get tied up in a debate about this, but it would be helpful if they could tacitly admit that vetoes ought not to be applied for purely tactical reasons. This would amount to no more than that task. The Community bud- acknowledging the lessons of last Tuesday.

Objective

The ministers should apply themselves earnestly to finding a fair compromise on the British budget rebates. A oneyear settlement would better than nothing. But such an agreement, whether for one year or for three, would only store up more trouble for the future unless it was seen as a the Community should evolve stepping stone to something more constructive. The aim must not be merely to satisfy a justified British circle. We deplore these sug-satisfy a justified British gestions. Mrs Margaret grievance, but to provide an Thatcher, the Prime Mioister, Impetus towards restructuring the entire budget.

of France hinted at the idea. of all is that the Community But a curt rejection is not should recognise that the politishould recognise that the politienough. Mrs Thatcher must cal and economic interests face the fact that M Mitterrand which bind it together are much was picking up an idea that has greater than any single issue

Korean finance under strain

South Korea's President Chun Doo-Hwan has moved promptly to limit the political fallout erupted two weeka ago in the country's unofficial "kerb" market and has since spread the taint of corruption from bank presidents and husiness executives even to one of his wife's relatives.

In accepting the resignations of half of his 22 man Cabinet, as well as those of senior members of his own political party and of top banking officials, the one calling for beads to roll could expect.

Root causes

His decision to retain his two moat seoior economic mini-sters, though be bas said be holds these two meo morally responsible for the scandal, underlines the fact that be must now shift his attention to the root causes of the problem in the country'a fioancial sector and to the damage done to Korean industry. The President acknowledged at the weekend that be needs bis economic ministers to stay on to sort out the economic mess.

Illicit loan markets seem to be a commonplace in many developing countries where the enthusiasm to accelerate economic growth and industrial development bas outpaced the ability to establish sophisticated financial iostitutions to meet their borrowing needs.

Nowbere is this dilemma more obvious than in South Korea, Rising from the asbes of the Korean war, the country has over the past 20 years acbicved one of the fastest economic growth rates in the

Successive Korean governmeots, keeo to maintaio a steady supply of reasonably cheap money to priority industries, have fixed interest rates at an artificially low level. This tempted maoy small savers to seek alternative, more profitable,

At the same time, governments keen to restrain money supply growth and cooceroed to limit the level of public borrowing found they could not reconcile these aims with industry's seemingly insatiable with the rest of Korea's eco-appetite for funds. Add to this nomy.

to this day strict collateral requirements on borrowers aod the momentum towards rapid growth of an illicit money market was arresistible. Offering Interest rates often

Korea's banks, which maintain

extreme conservatism of

twice as high as those offered by legitimate financial houses, the unofficial market became a magnet for the savings of housewives and small traders. It was also a ready way of avoiding taxes, and of investing black money. When economic recession hit

the Korean economy late in 1979, companies previously able to raise new investment funds through abare issues on Korea's infant stock market found thia source of finance drying up. Most companies had no option but to turn to operators oo the kerb markets.

Apart from the political pres-

sure to clean up the financial markets, the Covernment now faces an immediate need to belp the many small companies who relied on kerb finance. The market never officially closed during the crisis, but fresb leoding froze, and most companies promptly shot down their links with it for fear of being implicated in the scandal.

Responsibilities

Some emergency measures have already been announced. But to get to the heart of the problem, the Government will have to work quickly to establish new sources of finance, while tightening its supervision of existing banks and of the borrowing activities of small and medium companies. It may be necessary to free interest rates if investors are to be lured on to the official market. The strict terms on which financial institutions lend money may have to be relaxed.

It would be misguided if President Coun felt that his responsibility for such a damaging financial scandal could end with the symbolic dismissal of ministers, government officials and government party organisers. Rooting out people will not root out the problem. Korea clearly needs to reform a financial sector which bas falled to develop

N THE foreign exchange trading room of at least nne bank in the City, excited dealers are apt to shout out "Vroom, Vroom!" when the

mighty Volkswagen rings up to buy or sell currencies—a signal that the dollar/D-Mark rate is soon going to move very fast.
High up in its Moorgate office
block, British Petroleum has s
row of clocks in its foreign exchange department telling its dealers the time in Hamburg, New York and Sydney. BP needs to be on the ball 24 bours a day-for its currency trading turnover is now bigger than the Bank of England's.

State-owned Renault does not have to worry as much as other French companies about the Socialist Government's newly-tightened foreign exchange con-trols. Its international treasury operations are conducted from high-flying finance subsidiary in Switzerland which is practically a bank. Along with foreign exchange and money market transactions, it also deals in Eurobonds.

It is not only the big multinational companies which have caught on to the over-riding importance of mastering the complex world of currencies. Mr David Brown, managing director of DJB Engineering, a £30m a year turnover manufacturer of construction equipment for export in Peterlee, near Sunderland, sums it up: "Until two years ago exchange rates were totally incidental. Now they're the most important thing

Smaller companies like Mr Brown's may be able to do little more than bump along uncomfortably on the turbulence of the foreign exchange markets. They have at least been able

to keep on an even keel by increasing the sophistication of their money management operations. Reuters, the international news and data agency, now has no fewer than 450 UK industrial companies linked to Its electronic Mooitor screens provid-ing up-to-the-minute rates on fast-moving currency and credit markets.

Eveo Oxfam, Britain's biggest charity group, made money last year by keeping funds in high-yielding dollar deposits—a practice increasingly favoured by company treasurers following the lifting of exchange controls in October 1979. It is the large international

corporations, however, which actually rule the waves. Perbaps 20 to 30 companies world-wide, led by the giant car, oil and chemical concerns, are powerful enough to move the foreign exchange markets through their individual dealings.

If they are combined as often

happens, given the "bandwagon" nature of the foreign exchanges, shifts of corporate funds can exert a frightening force. Now that the oil sur-pluses have dwindled bankers say that company treasurers have taken over from oil sbeikhs as the new potentates of the currency markets.

are now free of exchange controls not only in the UK but in most other big Western

Money fun

central banks, and preside over now staffed by a new breed of massive quantities of funds generated by their international trading and investment activi-

OUC SERVICIOS VICENTARIO (1984) COMBINA O ESTAR DE UN ROUSO.

what they like. They are more free than the banks. We bave limits on the amounts of our open positions—they don't," says one of London's most experienced foreign exchange dealers, Mr Ted Bradshaw, a former chief dealer at the Bank of Eogland and now with the

Hungarian International Bank.

"We're frequently quite con-cerned by the indications we receive of the size of companies' open positions both in foreign exchange and in borrowings," says Mr Peter Wood, deputy treasurer of Barclays Bank International. "Of course, we can't know whether they can be set against fixed asset positions overseas or genuine trading transactions. We whether the room for potential loss is always fully appre-ciated."

Certainly, companies are making increasing efforts to ensure such operations are prudent. Boards of directors bave been sufficiently unnerved by disastrous examples of unmatched currency operationssuch as the Laker Airways fiasco-to insist on a close rein on foreign exchange activities. "It's possible for companies

to lose or gain more on the foreign exchanges than they can make lo a whole year of trading," says Mr John Moolenaar, formerly a senior official in the exchange control department of the Bank of England, who now works on the cash management side at Imperial Chemical Industries. "Freddie Laker Industries. The big corporate treasurers ahowed that by not covering his currency debts properly."
Despite the warnings, some companies indulge in what can countries apart from France. only be called speculation.

youngar meo, often with traioing in banks, brought in to put dealing on professional lines. Risks may be incurred simply through negligeoce. But there are many examples of big com-

panies setting out to turn their currency departments into profit-ceotres. The increased dealing exper-tise shows through not just on the foreign exchanges. Mr David McWilliam, assistant general manager in the group treasury department at Midland Bank

International, says companies often act "ahead of the market" by altering the maturities of their borrowings in reaction

time by the West Cerman Bundesbank, although its more extravagant dealing activity seems lately to have alackened. The phecomenon is not confined to Europe. The entre-preneurial currency activities of the big Japaoese trading houses have earned them the

in Tokyo. A Japanese comments banker They will cause us. we want to stabilise currencies. We can cootrol the banks-but what about the non-banks?" With capital iovestment often

unattractive because of the recession, some companies have

'Until two years ago exchange rates were quite incidental. Now they're the most important thing in life.'

FOREIGN EXCHANGE DEALS

Sheikhs of the currency markets

By David Marsh

to anticipated movements in made a deliberate policy of

often only come to the attention of shareholders if something goes wroog. But they can add trying to control currancy fluctuations-and can alarm commercial banks which do not like to see their clients becoming too sophisticated.

It is ao open secret on the foreign exchanges that VW has They are unsupervised by Many treasury departments are been watched carefully for some

deploying unused funds to play the foreigo exchange markets. The primary wholly legitimate reason why companies deal io foreign exchange is to provide protection against adverse curreccy fluctuations.

BP's foreign exchange trading exchange trading exchange carried out wit h55 different banks, in the first three months of the year.

BP's foreign exchange trading exchange trading exchange trading.

ever more quickly to news flashed electronically into their dealiog rooms, the compounded effect of such transactions cao. ironically enough, actually increase volatility.

Leads and lags—the process

whereby companies speed up or delay payments of exports and imports in line with their perception of how foreign exchange rates will change—can build up enormous pressure on currencies

within a very ahort space of time. The result is all the more pronounced when, in search of

increases its dealing amounts beyond purely trade-oriented operations. xchange maoager of one big

U.S. bank in London, a big motorto buy, say, DM 250m for normal business purposes and then add to it to profit from the "the black-eyed specuresulting rate movement. company says that if it's going to move the market anyway in a big way, why not buy DM 500m and have some fun?"

Often the border-line between speculation " and skilful dealing aimed at cutting costs can paper thin.

"We take the view that it is not part of our remit to specufinance director of Unigate. This company "in principle" covers its foreign exchange position entirely to climinate risks. But it also follows the taction of proach of choosing the right. Corporate treasurers moment to deal in order to save. ties—which some bankers regard as increasingly brazen regard as increasingly brazen.

director with responsibility for firence at BP International, whose department co-ordinates BP's foreign exchange trading-

But with treasurers reacting business is centred on a threeway juggling act between European currencies like D-Marks received from petrol pump sales, dollars needed for oll payments and sterling used to pay UK taxes.

Our currency dealing is at

It's no longer un-British to make mooey on the curreory markets," observes Mr Chris

Ironically enough, the compolicy has been changed. "We don't run large uncovered foreign exchange positions," he says. "There's enough risk anyway in running BL."

Mr Archie Donaldson, deputy treasurer of ICI which together with BP is the biggest UK corporate operator on tha London foreign exchange mar-ket—believes that the change

"Overall during tha last few years my impression is that the banks have made money out of industrial companies. They used to make it out of the central banks; but now the central banks have become more clever.

"Large corporations are now better able to defend themselves. But it's much more likely that most companies don't take enough advantaga of the possibilities that are there." But BL still actively usea its

little-known Swiss currency dealing subsidiary to give extra flexibility." BL's company, British Leyland International Services, is based like Renault Finance in Lausanne. Part of the reason for maintaining the company, set up at the end of the 1960s, is the sneak-ing feeling that exchange controls might come back lagain.

Also with an eye on exchange controls — French this tima —

Peugeot has set up a dealing company in Geneva to bandla international

Ford is also renowned for its financial sophistication. The Ford UK treasury team — in which Mr Michael Callaghan, the son of Britain's former Prime Minister, has a secior position — closely co-ordinates its world money-shuffling business with Ford Germany and

the head office in Dearborn.
Ford is however thought to act in a less aggressive manner than some other car companies. "I don't regard it as speculatioo — it's good foreign exchange management," says foreign ode London banker who is close

can sometimes cause friction with the banks. "The difficulty the banks are facing is that their customers are becoming more sophisticated than the people who are selling them the services," observes Unlgate's Daniel Hodson whose & Busines previous experience was with Chase Manhattan and merchant

baokers Edward Bates.
The result of the greater expertise is that banks find it lask economic harder to make profits from wore for t

finest foreign exchange rates from the banks. "Unless they give us the best rate, they won't get the business. We say the market rate isn't good enough—we can get that anywhere—and we want something better."

interest rates.

Foreign exchange adventures

Volkswagen's currency turnover is so important that commercial banks have been known themselves to ring the VW dealing room to keep in touch with its trading position. "VW can take any bank to the cleaners." says aoother Londoo banker with grudging admira-

currency profits, a company Lyddon, treasurer of BL.

least as important as our oil trading," says Mr Morris. "We deal in exactly the aame way as a hank. We like to use our position intelligeoutly without going overboard."

According to Mr Paul Handay treasury operations, BL thatter in

Economy class

bankers are aensitive to sugges-tions that they can let their hair down as exuberantly as the rest of us. At the annual meet-ing in London at the weekend of the International Forex of the International Forex Association—the worldwide club of currency dealers—some eyebrows were raised at the idea that the meeting might even be the occasion for a massive jamboree. Well, I must in

Because of the intrinsically

bonesty report they worked hard but they had their fun as well. The 2,000 dealer delegates did their best to look aerious during coffee break at the star-spannled Barbican Centre. Indeed, many ciers at the pyramid-shaped of them refused to take their Priocess Hotel. eyes off the racks of video acreens specially set up for the gathering and lugubriously blinking out the latest details on U.S. interest rates.

Karl Otto Poehl, the refreshingly irreverant president of the Bundesbank, delivered the key speech and struck the right note with his audience by starting off with a couple of jokes about economists and sex. That juxtaposition of concepts pleased the audience enormously.

The dealers might have reverted to poker-faced depressis not going on champagne and sion, however, as the rest of the speech was largly taken np with a gloomy recital of world economic problems. To bring them back to a state ready to face the world again they tripped off yesterday for a day in the couotry at Hever Castle, Kent, with a programme includ-ing military bands, all-day bars, sheep dog demonstrations, Morris dancing, and jousting.

Foreign visitors gained a new understanding of the working of British banking minds by study of these typical weekend pastimes.

Back at the foreign exchange dealing desks this morning they

can always say they were work-year than any previous cabinet while sales have fallen sharply ng over the weekend. minister, will be there to give from last year'a \$30m and losses his blessing.

Men & Matters

But the hundreds of bankers will arrive in Acapulco. that most luscious Mexican Pacific resort, next weekend for a binge with their bost country bankers wil have to buy their own drinks.

Mexico's banks, whose profits have loog made their foreign competitors turn green with envy, are not giving any cocktail parties at this year's conven-tion. In the past Banamex, the second biggest private Mexican bank, used to spare no expense entertaining 2,000 world finan-Bnt Mexico has fallen on hard

times. Its economy — the boy wonder of the developing world since big oll finds were developed four years ago - has now virtually ground to a halt. President Jose Lopez Portillo, who will inaugurate the convention, wants to impress upon the world's financial community that Mexico is tightening its And foreign bankers who will be owed \$83bn by Mexico by the end of the year-making her the world's most indebted nation-will doubtless be heartened to see that their money

Free drinks or no-a single British bank is sending nine people, including some wives, to the convention.

Mersey tide

After frustrating months aorting out land titles going back well into the 19th century. Liverpool's historic Albert Dock will be handed over today to the Merseyside Development Corporation by the Docks and Harbour company. Michael Heseltine, environment secretary, who bas spent more time in Liverpool since the rlots last

Baail Bean, the docks chief executive, is hoping that no one will turn up at the last moment with something like 13th century foreshore rights. This is about the only klod of bitch that could now stop this architecturally ontstanding complex of warehouses and sailing ship docks from being turned into the centrepiece of a scheme to bring the Mersey waterfront back from the dead.

Lock gates at Albert will he repaird and millions of tonnes of silt removed. Some 80 amall boats which have been squatting rent-free with typical "scause" check will be evicted and a permanently navigable water system restored.

The Merseyside Maritime Museum will assemble a collection of ships and boats affoat and it is hoped to make Liverpool a port of call for the 1984 tall ships race.

Sadly, bowever, this Venetian splendour will be largely invisible to the passing population. The county council's new six-lane inner ring road and a new wall effectively cut the old dock off from the city.

Closed books

The U.S recession claimed most distinguished victims. Brentano's — the country's longest established bookstore chain-has filed for protection under the bankruptcy laws.
In business since 1853 and with Its flagship store a familiar landmark on New York's Fifth

Avenue, Brentano'a was booght last summer from the Macmillan publishing group through s "leveraged buy-out." That means the buyers, who reportedly included London investors, financed the deal mainly with debt. The ploy has turned out to be crippingly expensive with interest rates at their current high levels. Meanhave been mounting.

Paul Ohran, Brentano's president, explains that the plan had been to close up to 18 of the chain a 33 stores reducing overheads and concentrating resources in the Eastern states. But all the stores are beld on leases and most landlords were unwilling to go along with Brentano's plans. Under the protection of the bankruptcy laws Ohran claims

that the company will have much more freedom to do what it likes with the stores. Meanwhile, big Investora like the Prudential of Americawhich have been increasingly

dubious in recent months about the fad for leveraged buy-outs -will no doubt take note.

Brentano's is one of the first well-known buy-outs to go wrong; it may not be the last.

Wedlocked

Though it sometimes seems you can sue anybody for anything in the United States, they do draw the line in Ohio. There, the slightly mystified Law Society Gazette reports, e court has just refused to let a man sue hia wife for damages after being injured in an accident while a passenger in the car she was driving.

In accusing his wife of negligeoce, the man presumably had her insurance company in mind as the ultimate payer. The court said that to allow such actions would destroy inarital

harmony.

The "doctrine of interspousal immunity" the court explained, bars legal actions between busband and wife that might damage the family. The count did not allow itself

to coosider what marital bliss

might have resulted from a fat

cheque from the insurers.

Obse**r**ver

dieup

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FINANCIAL TIMES SURVEY

Monday, May 24, 1982

cant advances in foodgrain production in recent

years remers sign for bank loans to begin new project	S.
The economy	
Further moves to liberalise the economy	ППП
Energy	
Problems for the nuclear programme IRs 100bn investment plan in natural gas I	V V V
Space programme	`
	V.
Politics	
	VI IV
Foreign policy	
New initiatives to attract foreign capital V. Inio-Soviet links show signs of stress V.	п
Agriculture	
	n
Irdustry	



Essing of controls could herald new era IX

Piblic sector lacks sense of direction

Case study: Hindustan Machine Tools

Ciallenge for small businesses
Cise study: the success of Bajaj Auto

Irdia's labour force projections
A crisis in industrial relations

The car market—a period of major change

Sectronics sector holds considerable potential

throng the streets of Calcutta—the city is an for those seeking business opportunities.

	ι.
Doing Business in India	1
Better climate for foreign investment XII	(
Case study in Anglo-Indian business links XII	
Stock markets find the going easier XII	i
The black economy is deeply entrenched	4
More scope for the private sector XIII	1
How industrial projects are financedXIV	•
Guide for overseas businessmenXIV	
Key to success in joint venturesXIV	7
New trade agreements with Britain XV	•
The Indian Mosaic	1
Living with communal tensions	•
The deeply-rooted caste system 257	ı
Many problems for the Muslim minority XV	1

Insurrection festers in the North-East

XVI governing the country which consistently high growth rates
The \$5.7bn loan from the halances the need for strong and tangible, even spectacular International Monetary Fund, government from the centre progress, in certain areas of agreed in the teeth of fierce with the demands for devolved industry. © Editorial production of this survey was by Mike states.

It is halance

India today is in a state of transition. Attempts are being made to engineer basic changes to release the productive forces of the economy and thus break India free from the poverty trap

Big changes under way

BY ALAIN CASS, ASIA EDITOR

"WHAT WE need is another emergency. Then the trains ran on time, people queued, civil servants arrived at work promptly and if there was corruption you never heard about it."

It comes as something of a shock to hear this kind of view expressed, not by the odd, isolated extremist in India, or even by the hig husiness nabobs who may feel that democracy is a luxury that a developing country cannot afford, but by ordinary people.

What makes it even more India's innumerable forces in shocking is that the very people pull in different directions, who say so—an hotel recep while too much provokes united tionist in Kerala, a driver in opposition with much the same Bomhay, an office manager in paralysing effect.
Calcutta to name but three— The hackdrop Calcutta, to name but three— The hackdrop against which are the first to admit that when Mrs. Gandhi is attempting to among its hitterest opponents.

Of course, they do not which it gives his exuberance, to do without it.

It is, nevertheless, an interest-ing and illuminating slip of the longue because it accurately reflects both the frustrations of getting things done today in the world's most populons democracy and the enormity of the task facing those such as Mrs Indira Gandhi, the Prime Minister, who set about to improve who set about to improve matters through reform and

Balancing act

India today is in a state "eternal India"—the India of caste and class, of extreme poverty and vulgar At the outer rim of India's Such constraints in not make wealth, of sloth and soaring huge land mass, this fragmentation for smooth economic progress achievement—attempts are tion of the political process has and political reform, though they do make both even more changes.

In essence, these changes. which form the core of Mrs Gandhi's strategy since she came hack to power in 1980, are concerned with releasing ing a political formula for power from the country's 22

It is a delicate and frustrating halancing act in which too little 40 per cent of the population— practical value. So was the authority from the centre allows is not becoming any smaller, decision, in 1980, to allow

real emergency was in work this miracle is not parti-e from 1975-77, they cularly encouraging. The emergency and the subsequent disaster of the Janata coalition government from 1977-80 have of course, they do not mean it—or, at any rate, very further undermined the nanonal few of them do, for the Indian consensus which undermined is far too attached to democracy, and the free play democracy, and the free play when Jawaharial Nehru, Mrs. Condbi's father, was able to Gandhi's father, was able to make great strides.

Sectarian violence is increasing. For the first time since independence, Sikhs and Hindus In the Punjab are in open con-flict. An isolated incident. perhaps, hut an unwelcome "first," nevertheless.

Political parties have become. ncreasingly fragmented, including Mrs Gandhi's ruling Congress (1). This has led to a sharp drop in the prestige of national parties and a corresponding increase in regional forces, based either on caste or linguistic loyalties pr. as in the transition. Beneath the surface case of the Marxists in West of what outsiders are fond of Bengal, on a subtle combination of chauvinism and the exploitation of mass deprivation.

encouraged separatist forces, such as the Mizos in the northeast, who pose a constant headache for the Government in Delhi. Thousands of troops are needed to contain the threat.

Beyond this, there is a feeling the productive forces of the in the country which is, of economy in an effort to hreak course, almost impossible to to India free of the poverty trap quantify accurately, that "the while, at the same time, find-poor are getting poorer and the poor are getting poorer and the and assisting the introduction rich are getting richer" despite of foreign technology.

ing as a proportion of the total spect for offshore oil. population.

This depressing picture at home, which Mrs Gandhi inherited, is matched by an equally sombre international

environment.
The Soviet invasion of Afghanistan in 1979 has prompted a new and important — the Indians say dangerous — commitment by the United States to Pakistan which involves substantial economic and military aid, including the F-16 deep penetration fighter aircraft.

Suspicion

The open sore of relations with Pakistan remains the fundamental preoccupation of India's foreign policy. Pakistani Western Europe. Mrs Gandhi and U.S. assurances that their is also going to the U.S. in July new relationship is a strictly baving just returned from Saudi limited affair, which does not Arabia, as part of the same involve the siting of American effort to hreak ont of the isola-hases in Pakistan either now or tion of the past 20 years and in the future, are treated with grave suspicion in New Delhi. dent on the Soviet Union by India sees in this latest develop- attracting Western money and

the mutual suspicions between ever, that while the present Delhi and Islamabad, they have reforms are likely to be extended Indian defence spending ded both within existing sectors on a massive scale in recent of the economy, as well as to, years, depriving the economy of new ones there are political resources, human and financial, limits beyond which Mrs

This, it argues, is an important guarantee of stability, and requires an appropriate level of preparedness.

urgent.

Mrs Gandhi has made an important start on the economic front, by introducing a series of sweeping changes which loosen the straitjacket of controls. These are aimed at liberalising imports, encouraging domestic companies to expand production

What seems to he true is that of last year, was of enormous the absolute number of people symbolic importance in this helow the poverty line—around context as well as heing of great context as well as being of great

Neither is it apparently shrink- foreign oil companies to pro-

Freed of its immediate foreign exchange concerns as it faces a growing trade gap and dwindling reserves, the Govern-

Officials tend to play these swiftly reimposed.

an irreversible process is at work which marks a sharp change from the isolationist policies of the 1960s and 1970s.

ment the seeds of yet another technology on a much larger war on the subcontinent.

which it can ill-afford to do Gandhi cannot go without Life expect without.

Added to this is India's constant pre-occupation with its dominant position in the area dominant position in the area businessman:

This is a superfact. panies with o vision of 700m consumers should forget it."

The changes she is said to want in make on the political front amount, in essence, to giving India a structure more akin to France's presidential system,

the accusation of empire-building. Her choice of her other-son. Rajiv, to succeed Sanjay. democratic machinery within her own party has hardened these suspicions. That Mrs Gandhi has signal-

implementing its reforms.

down and warn that if the economic climate worsens — if, for example, there is a had harvest or a huge jump in the price of oil — controls will be swiftly reimposed.

It is, nevertheless, clear that

ultimately become less depen-

Whatever the real hasis for . It is worth pointing nut, how-Life expectation 54 years Literacy rate 47 per cent (male); 25 per cent (female). Per capita Rs 1831.5; US\$232.9

> Mrs Gandhi has gathered round herself some of India's brightest civil servants in the hope that they can cut away enough of the suffocating tangle. of red tape and sheer inertia, to give these reforms a chance.

The ostensible aim would he to give the centre more powers to push through reforms

Such moves leave her open to

However, Mrs Gandhi today is not the Mrs Gandhi of 1975. Chastened by her period out of office, a little wiser and no son. Rajiv, to succeed Sanjay doubt sadder and less self-as her heir apparent, ignoring assured, following the :leath of

Hyderbac Lncknow Madras Major industry groups, employment percentage share: Textiles Wood and paper Leather, rabber and plastics 3.8 Chemicals 5.8 Mineral products 4.3 Basic metals Metal products Electrical machinery Other machinery Transport equipment

Population of principal eities:

Mrs Indira Gandhi, India's Prime Minister, is seeking

a political formula for governing the country which

will balance the need for strong government from the centre with the demands for devolved power from the country's 22 states

WORLD'S LARGEST DEMOCRACY

Ahmedabad Bangalore

Calcutta

Electricity

succeed her is beyond dispute. Whether she realistically believes she can, or should, establish a dynasty, is a matter of idle speculation.

INDIA, with 686.2m people,

represents the world's largest democracy. While 24 per cent live in urhan areas, the

vast majority live in the nation's 575,900 villages.

India's statistics are shown

but other basic facts include

Trade: Exports, 1981 Rs 62,840m

Foreign exchange reserves:

£=Rs 16.85; \$=9.2166

1980 average, \$=Rs 7.863

1981 average, \$= Rs 8.659

Imports, 1981 Rs 119,800m

December, 1981, US\$3,764m

the following:

US\$159.8bn

Exchange rates:

Currency:

Sanjay on whom she relied a great deal, she gives the impression, at any rate, of being more willing to rely on conled clearly whom she wants to ciliation rather than force.

Paradoxically, she is also in a much stronger position than she has ever been. The sad remains of what what was once then Janata coalition, which ousted her from nifice in 1977, trying desperately and unsuccessfully to recapture its former glory, only reinforces Mrs Gandhi's image as the only figure of oational stature in

India today.
Whether that remains the case will depend largely on how much she can achieve in the next few years.

Hawks gain ground as defence budget soars to record levels

R. K. SHARMA in Belhi examines the swift manges being made in . hdia's defences, particalarly the measures to gve India an awesome ar-strike capability.

Tie first of India's Jiguars (designed by British Aerospace), rdled off the assembly lite at Bangalore's **Hndustan Aeronautics** in March and is due for it test flight in early June.

India is considering local production of the French Mirage 2000, in addition to the Soviet Mig 27 ground attack ai:eraft.

The Government has also given the go-ahead for the production of an ertirely indigenous fighter, to be fitted with an advanced gas turbine engine, and coded the GTX.

_ In addition, the Army and Navy will soon be re-equipped with brand new weaponry, much of it made by India's 33 ordnance factories.

THE HAWKS are getting the better of the doves in India's defence planning. They received an unexpected impetus for their case on higher expenditure and purchase of modern sophisticated arms from Pakistan's U.S. assisted rearmament programme. The result is a massive

defence budget of Rs 53.38bn (\$6.68bn) for 1982-83, or nearly 4 per cent of the GNP the highest ever, so far-or 17 per cent of the total

Defence planning is always under constant review and the immediate result of the ground gained by the hawks is the pronnunced tilt in favour of new foreign weaponry which is being acquired in vast quantities.

This is not considered by

the Defence Ministry as a setback to the goal of selfreliance in defence equipment hecause the Government's policy is that any large purchase of arms abroad must be accompanied by the transfer nf technology to enable India to manufacture them in-

digenously. The next few years will thus see a swift change in India's defence capability. This change is particularly in air defence. The Defence Ministry is keeping its options open no the manufacture of the French Mirage 2000 (40 of which are to be purchased untright from Marcel Dassault), the MiG-23 and the MiG-27 from the Russians, in addition to the indigenous development of a new "light combat aircraft," possibly in collaboration with British

Thus, with the Jaguars bought from (and being assembled by) Hindusthan Aeronantics, under licence from British Aerospace, India's air strike capability is truly awesome.

In the past year, the Defence Ministry says, the Government has carefully assessed the defence requirements " in the context of the recent developments in the security environment and has initiated a number of shortterm and long-term measures to evolve appropriate defence strategy and to build up adequate preparedness."

The practical effect is that the one million-plus men in the Army, Air Fnree and Navy will soon he equipped with brand new weapons.

According to a senior Army officer, India is "pretty near invincible against its possible foes . . . but I wouldn't feel at all confident two years from now. The explanation is that the new weaponry gives a false sense of security simply because the process of teaching soldiers-mostly all from villages and semi-

literate—takes time. Nevertheless, the generals will have plenty of "toys" to play with.

Apart from the aircraft to be bought from France, Russia and Britain, the Navy is receiving submarines from West Germany (these will also be made at the Mazagon Docks in Bombay); a refurbished aircraft carrier, equipped with Harriers; plus destroyers and frigates.

system-" The main accent in the defence plan continues to be on modernisation and replacement of equipment, on securing greater fire-power, mobility and more modern

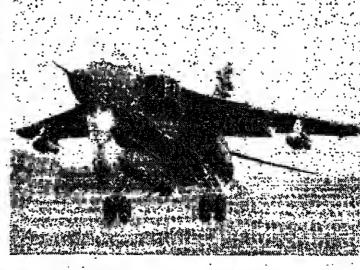
says the defence ministry.
On defence production, the emphasis is on "self-reliance and import substitution

If the Air Force is to receive all the modern aircraft it needs, the Army is as much in the forefront. A scheme is being implemented to increase its mechanical power, fighting potential and " kill-probability."

The most important of these developments is the improvement of the armoured corps which is to receive the latest Russian tanks (T-72) and will soon be equipped also with a new "main battle tank (MTB) developed indigenously and claimed to be comparable to be best in the world." Vikers, which helped to develop the Vijayanta tank (now made at a factory at Avadi in Tamilnadu), is trying to collaborate in this development.

The present anti-tank capability is strengthened by the introduction of a new anti-tank missile system with Soviet help and this will be manufactured later under licence. Several projects bave been taken np for modernisation of artillery equipment. Various kinds of foreign

being equiment are. evaluated - and again the Russians are in the lead-to The Army is receiving an meet the needs of the gunners almost entirely new weapons. until the year 2015. Air de-



The Jaguar fighter (left), now under production in India. The Mirage (right) is under consideration for

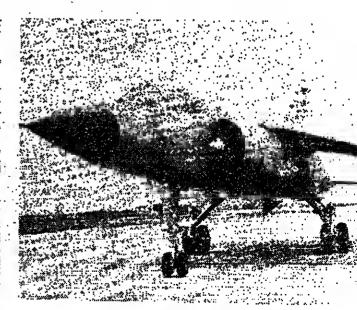
fence artillery has already been acquired from the Russians and trials are now in progress. India has a large defeuce

production apparatus, consisting of 33 ordnance factories dolted around the country and nine major andertakings for defence production in the public sector. They are helped hy sub-contracting to various civilian units which are increasingly becoming part of the defence infrastructure.

With a work force of 173,000, the ordnance factories make a range of items Including anti-tank guns, antiaircraft guns, field guns, selfpropelled guns, mountain guns, mortars, rockets, projectiles, mines and 2 host of other items, the technology for which is being constantly modernised, either with foreign help or by the Defence Ministry's own research and development

eling. In terms of value, the 33 factories expanded their production hy nearly 13 per cent from Rs 6bn in 1979-80 to Rs 6.75bn in 1980-81.

In 1981-82, estimates are that a further increase of around 17 per cent will have heen registered. Total defence production in the country is worth an impressive Rs 15hn a year— and this does not include purchases from abroad.



local assembly

Nine public sector defence undertakings

· ·	Share capital and loans	Tnrnover 1981-82	2rofits
Hindusthan Aeronautics	Rs 16.58bn	Rs 2,46hn	Rs 42m
Bharat Electronics	Rs 390m	Rs 1.15bn	Rs 89m
Bharat Earth Movers	Rs 310m	Rs 2.1hn	Rs 98m
Mazagon Docks	Rs 300m	Rs 1.16hn	Rs 49m
Garden Reach Shipyard	Rs 630m	Rs 586m	Rs 79m
Gna Shipyard	Rs.338m	Rs 90m	Rs 4.8m
Praga Shipyard	Rs 125m	Rs 100m	Rs 12.6m
Bharat Dynamies	Rs 519m	Rs 29m	Rs 2.5m
Mishra Dhatu Nigam	Rs 1.5bn	÷	+

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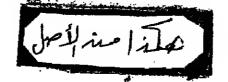
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INDIA-II

THE ECONOMY

The Government is allowing market forces to have their play, with what is considered a minimum of controls. Policy-makers are now keeping their fingers crossed after some very encouraging results in the past year

Bold policies begin to pay off

"IT'S A bold gamble, but she of 1979 which doubled the will have to watch it," warns country's trade gap to Rs 57bn observing Mrs Indira Gandhi economy through rough seas in

With danger signals sounding balance from every side, the Prime which Minister and her advisers have edopted a deliberate policy of allowing market forces to bave their play with what is coninternal policy (where private

industry and foreign firms are seeing the greatest opportunity to increase their investment since the economy was virtually closed in the mid-1960s) and the external side. India bas import despite a soaring trade gap and ing from the International Monetary Fund and the world money markets.

The result in the past year has been remarkably encouraging and the Government's econ mic policy makers are keeping their fingers crossed,

In 1981-82, the economy regis-tered a growth rate of around per cent after 7.5 per cent in the previous year, giving a high annual average of more than 5.5 per cent in the first two years of Mrs Gandhi's second spell in power.

Record harvest

This has been made possible hy a record foodgrain barvest of an estimated 134m tonnes in 1981-82, combined with an improvement in industrial production of around nine per cent. These factors combine to end a period of stagnation caused by infrastructural constraints and is especially promising as the growth bas been accompanied by a zero inflation rate - a remarkable piece of augurs well for the future.

Yet, the economy could come cropper at any time. Mrs Gandhi has been lucky in having had two successive good moosoon years and so agricultural production — still beavily

But three good monsoons in a row are rare and lodia's farmers and ecocomists will be watching the skies anxiously for the next two months. A poor summer harvest could mean a crisis because it will meao more food imports to holster the stocks that are already at a low 11m tonnes. a level below that considered

India made its first food imports in more, than five years last year, despite the good harvests, these were limited to just over 2m tonnes. Anything more than this will

subject the fureign exchange reserves to severe strain and force the Government to review its liberalisation policy.

Mrs Gandhl's gamble is against the backdrop of the sharp reversal of the terms of trade since the Opec price hike

an international economist after in 1980-81. This could reach successfully steer the Indian despite a rise in exports by nearly 15 per cent. The result has been a severe

which is kept in check only with the belp of earnings from "invisibles" — such as remittances from Indians abroad—and a massive aid and borrowing programme, both of which at a time when the international aid climate has deteriorated and world trade is depressed.

The World Bank bas painted

a gloomy picture of the curren a gloomy picture of the current account deficits and expects these in plague India throughout the 1980s. The daficits are expected to be more than two per cent of the Gross Domestic Froduct for the first half of the decade and are expected to be the highest in 1983-84 when they could reach \$5.190n, more they could reach \$5.19bn, more than double that estimated in

Finance Ministry officials think this is an unduly pessimistic appraisal. They point out that India bas already made substantial savings in oil imports because of a rapid growth in internal production from offsbore fields, this is expected to continue because of new finds. Even though the investment costs will be high, the Govern-ment hopes to meet 70 per cent of its oil requirements from internal production of 1985.

The import substitution pro gramme to areas such as oil fertilisers, steel, cement and edible oil could be the key to improving the current account deficit picture. On it will hinge the continuation of the policy of liberal imports of capital goods, needed to make Indian industry competitive so that exports can be boosted.

They will also help the acute problem of internal resources IMF. needed to push through the ambitious \$110bn Sixth Five-Year Plan for the period 1980-85. The success of this is vital if the country is to tread figure that must cause deep the path of real growth and concern. The IMF is satisfied break away from the traditional with the performance of the low annual average rise in national income of 3.5 per cent, the trend rate in the past three

This will require Herculean efforts both in agriculture and industry, more so the latter because the "green revolution has virtually spent itself. This explains the Government's anxiety to push up industrial production which has improved because infrastructural bottlenecks like power supply shortages, transport tangles and labour strife have eased.

But the improvement is morginal. In 1981-82, electricity generation increased by about 11 per ceot and the coal production hy around 10 per cent while the total revenue earning traffic on the railways improved hy 14 per cent. This is by nn means satisfactory and industrial production continues in be



Two good monsoon years in succession have helpel to produce record foodgrain harvests. Above: village women at Chainsa chat during an early morning vist to the well—one of several water-collections the make each day

Power supply, in particular, mains critical because of the low capacity utilisation of thermal and hydro plants which is less than 50 per cent on an average all over the country. More than anything else, it is power supply that bolds the key ominously slow.

All this will eventually mean

are hastened, the strain on the foreign exchange reserves will grow because non-essential imports will have to continue. The reserves are declining alarmingly. They plummeted to Rs 33.5bn at the end of March, 1982, by 30 per cent in a year even though drawals of over Rs 6bn were made from the

This represents a fall-if IMF withdrawals are not taken into Rs 20.97bn in a year, a record economy and recent consultabursement of the second year's instalment of the three-year \$5.7bn loan approved last year.

Imhalances

This is just as well. It means that not only will the coming year—and possibly the next two years—be tided over, but also that the economy is being managed well and that the new policies are yielding results. But hoth the IMF and the Indian Government acknowledge that there is need for the country to generate its own foreign exchange resources if the medium-term problems are to be tackled.

Apart from the balance of payments problems and the slow improvement in infrastructure, the World Bank has noted that there are serious im-

balances in agricultural growth It has pointed to the low ro ductivity in many sectors of industry and the slow progess irrigatinn projects. population, control measures

appraisal despite the imprive including such long overlu pricing policy for state-owied called for and this should be a much as 25 per cent of the COP by 1985 if the sixth plan is to carried through. Even after cent of the GDP in the Skth Plan to 7.3 per cent in the problem that must be tackled

tions cleared the way for dis- a recession because of a cridit squeeze. But economists trink that fears of the emergence of a demand-induced recession 1982-83 are exaggerated and in fact, the Government's policies are having a salutary effect on inflation.

The summing up must be that the indicators show a mixed picture and that the policy makers will need to be constantly vigilant to tide the country over its present situation. The Government has now decided to make a mid-term reappraisal of the Sixth Plan This should enable it to make suitable adjustments in invest ment decisions so that ke sectors of the economy function more efficiently and reduce the pressure on the balance peyments.

K. K. Sharma

Renewed emphasis towards liberalising the economy

Substantial restrictions remain despite many recent reforms

policy since Mrs Indira Gandhi came back to power in 1980 is not due in her, but to the continued momentum of the influence of her son, Sanjay, who died in an air crash a year ago. Since these new policies are also accompanied by a shift in foreign policy which effectively underpin the change in economic direction, this seems unlikely, even though Sanjay Gandhi is acknowledged to have been more instinctively a free marketeer than his mother.

There is another reason why the Sanjay factor should not be taken too seriously. It is that the moves towards liberalising the economy first broke surface in 1978 when the Janata Government, swept into power after the emergeocy a year earlier, freed the Import of some capital goods, raw materials and components.

The result was an 8 per cent rise in industrial output and an 18 per cent jump in exports between 1978 and 1980. lesson was not lost on Mrs Gandhi who took up the relay when she was returned to office giving it much greater impetus and considerably widening the scope of the reforms.

The continuity of this policy

national consensus for of non-coocessional loans for the a clear departure from the pre-

parties—and that the process is likely to continue.

The only point at issue is the extent in which the loan from the IMF-the fund's biggest ever-was the cause of the accelerated liberalisation or merely part of Mrs Gandhi's wider strategy to release the moribund productive forces of India's economy.

Key factor

What is probably true is that India's deteriorating balance of payments problem as the terms of trade have moved sharply against her were a prime factor in the application to the IMF, that, in turn, has led to further liberalisation as part of the fund's conditions for the S5.2bn loan.

The changes have been wideranging.

External borrowing: there has been a major change in policy. In fiscal 1981-82, the Government approved a record \$1.35bn in loans from the world money morkets by public and private sector companies. The previous year's figure

Thirty-three companies received loans to import capital goods, finance projects and and its source are important purchase ships and aircraft because they Indicate that there making India a major borrower

IT IS often said that the radical liberalisation outside the leftist first time. A low level of vious policy of self-reliance departure in Indian economic parties—and that the process is borrowing in the 70s has established indian economic policy: Epith policy since Mrs indira Gandhi likely to continue. lished India a sound credit

> faster rate over the next few key pieces of legislation live years. The IMF expects total debt service repayments in-cluding multilateral loans — to rise from the current level of around 8 per cent to a peak of 16 per cent in the late 1980s before falling again.

> • Prices: The relaxation of price controls on cement and steel. In the case of cement this has had a dramatic effect wiplog nut at a stroke the buikof the black market in coment and encouraging major indus- Import restrictions: Trese trial houses-the Birls Group for one-to invest in coment manufacture.

Price controls, it is conmated, had diverted as much as \$350m from the proceeds of black market cement alone into the parallel or "black economy." Much of this money is now expected to flow back into the legitimate economy.

• Oil pelicy: The decision to invite bids from foreign com-India's off-shore fields in 1980 was a watershed. The terms since negotiated appear to have chronic inefficiency and deterred many would be clients bureaucracy so cumbersome but this does not change the

rating.

The level of borrowing is industrial houses," covered by expected to rise at an even curbs on expansion under wo

been giving more brea Regulations under Foreign Exchange Regulation Act (Fera) and the Monopoles and Restrictive Practices Act (MRTP) have been eased, Some foreign companies and moro-poly houses may now invest in five major new areas. They tan also expand their established capacity by a third provided their products do not con with smaller units

have been eased significantly liberalising the import of cpi-tal goods, raw materials ind technology despite the alarming

rise in the trade gap.

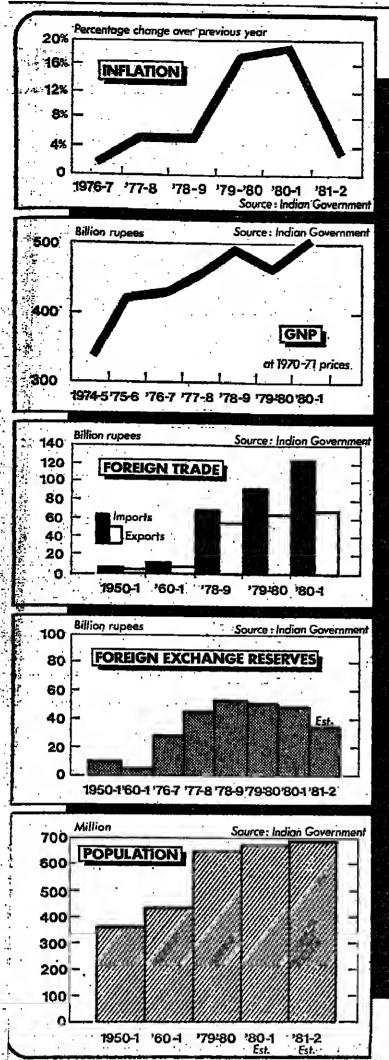
A new pragmatism has tales hold of Indian economic policy. its first effects on the morning and the stated intentions businessmen has been dramatic It remains to be seen wheth that will be translated incresults given the very substatial restrictions which still hold down expansion in huge sectors

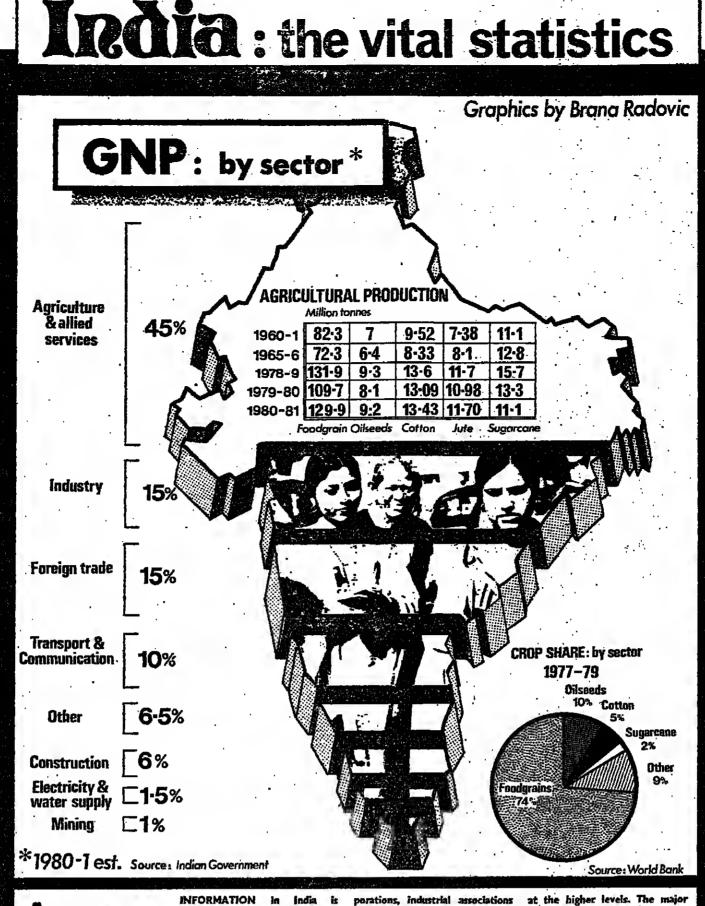
of the economy coupled will is sometimes suffocating.

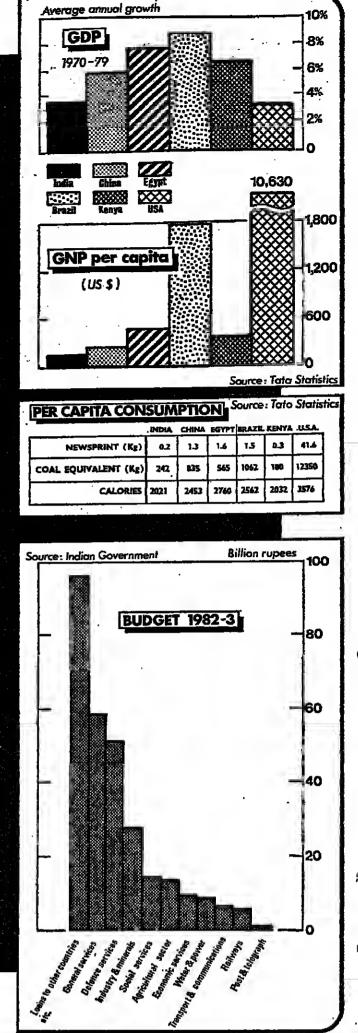
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are others,

problem is knowing who to see

in order to cut through the equal

abundance of red tape. That

question is not quite so straight-

abundant, accessible and generally

Department of Statistics in the

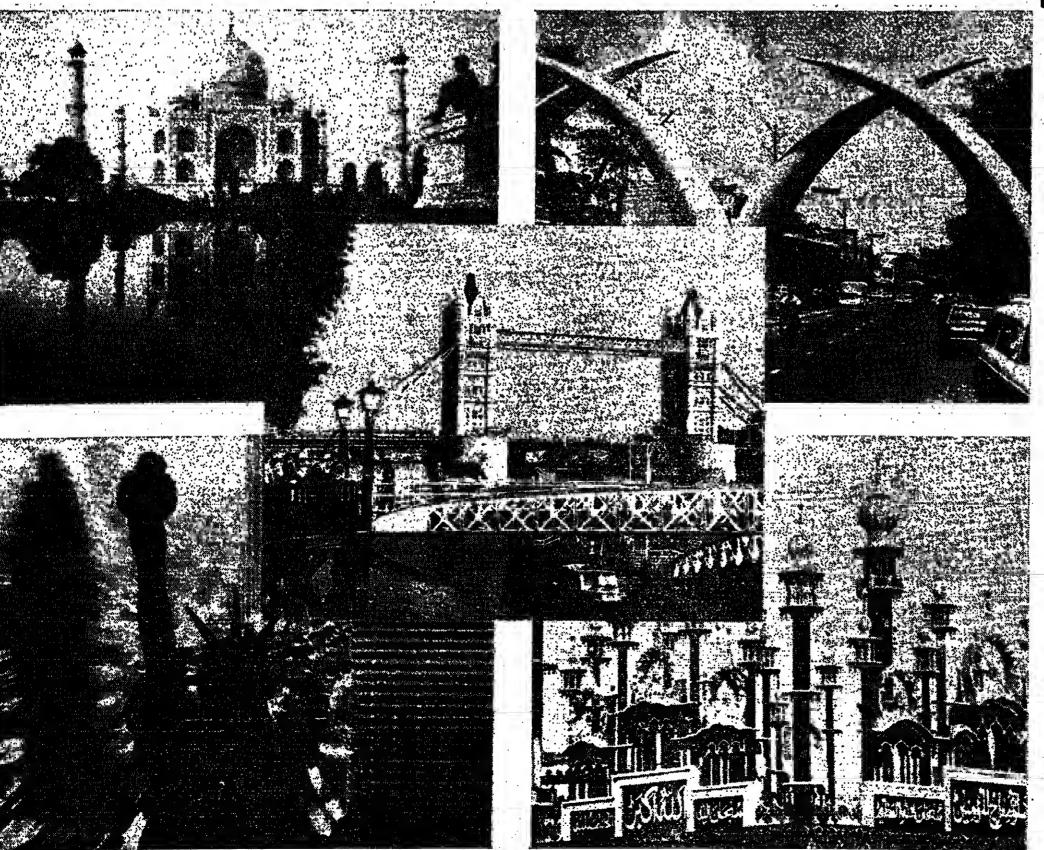
Planning Commission keeps data on the economy and provides a

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Much of the energy industry's inefficiency lies in the electricity sector and losses in transmission or distribution average about 20 per cent, says Alain Cass

Keeping the power lines open

THE FANS in the fading post-imperial splendour of the Chief Kerala, in South India are as big as Spitfire propellors. As we alk, within the space of half an which bring eassuring whir to a silent halt. There is nothing unusual in this. In Bombay, the looms in the textile mills, flagships of India's export drive, often suffer the same fate, as does

much of the rest of the country's industrial sector. Even India's nuclear power stations, symbols of the country's remarkable ability to reach into the future while struggling with the past, run well below

having an energy crisis. Unlike those in the West, how-ever, it is not one of high consumption, but of low efficiency and insufficient production, by comparison to other countries' total per capita consumption in India is low, around 200 kgs of coal equivalent compared to 800 kgs in China, 5,900 kgs in Australia, a little less in the UK and twice that in the U.S.

Cutting back on that total consumption is neither practical nor desirable. It would merely stifle economic growth. The problem is the chronically inefficient use of that energy, on the one hand, and the relatively slow growth in the ontput of new resources on the other.

Loss varies

In 1978-79, according to a Government report, the percentage energy losses across the country in transmission or distribution varied from a maximum of 26 per cent to a minimum of 12 per cent. The total loss was in the order of 20 per cent which, as one energy expert points out, virtually equalled the power generated in the entire country 18 years

Much of this inefficiency lies in the electricity sector—the bulk of which is either thermal or hydro power. It is estimated that many of the country's plants operate at an average of less than 50 per cent efficiency.

some states between 40 and 60 per cent of that elec-tricity goes to drive irrigation pumps. They, in turn, operate at an efficiency of between a low of 25 and a high of 60 per

Perhaps the most dramatic effect of the inefficiency of the thermal power sector is in West Bengal where efficiency can be as low as 35 per cent. This chronic shortage has heen a major factor in the gradual and apparently irreversible decline of what was once Indis's premier industrial state.

premier industrial state.

Particularly badly hit are the major steel plants and other heavy industries which sreenergy intensive. As a result, in Calcutta alone private industry has installed over 400 atwo of standby generators

The energy shortage is also the single most important fac-tor for the virtual absence of major new investment in the state in the past decade.

One small victory in this pic-

ture of narconitting foilure is the Oamodar Valley Corporation where a combination of careful

problem has boosted output to over 65 per cent, which is

Despite the relatively small pound the waste.

The economic problems that

In the case of agriculture, it is simply that the bulk of India's electorate are farmers. The option of imposing a more realistic price structure for them—as opposed to industrial users—in order to encourage efficiency can only be exercised with extreme caution.

In its policy statement to the IMF at the time of the \$5.8bn loan negotiated last year, India recognised that energy pricing policies are an important comconserve energy and improve efficiency.

It admitted, however, that while coal prices had been raised and electricity prices had

The decision in 1980 to open India's off-shore fields to foreign companies marked a radical departure from previous policies. India's efforts to go-italone over the past two decades have undoubtedly contributed

22m tonnes-cost India around 85 per cent of its export

By the year 2,000, India may need up to 70m tonnes of oil a year. Even under the most optimistic assumptions, domes-

to the Government's first round of tenders to foreign oil companies has been disappointing— and in more efficient use of existing energy resources and boosting alternative sources of

and of central India.

Present coal output is around supply.
This last option essentially 105m tonnes. Demand by the turn of the century may be four means coal, electricity-hydro

role played by oil in total consumption and the even smaller cent—the appalling condition of the country's roads, out-dated technology of vehicles

successive governments have faced in trying to tackle these shortcomings are compounded by serious political constraints.

ponent of its attempts both to

also been adjusted newards in some states—though not to the housebold consumer at sny great degree-most state electricity boards operate at a loss.

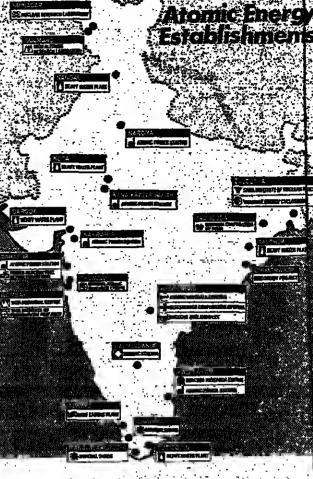
The Government also recognised, at the time, that energy shortages had been responsible for curtailing economic growth in the past and, by implication, could again be so in the future. Some energy experts, while recognising that the present Government has made a start, believe that unless radical, new measures are taken the consequences for the economy, as one of them put it, "could be catastrophic."

A start has been made in the oil sector even though it represents a minor component of total energy consumption. This is a crucial difference with the industrialised economies of the West, as well as many developing countries, where oil and its acquisition is the lifeblood of economic survival.

to the present, grim outlook. In 1980, oil imports—around

tic production may not exceed 30m tonnes. The drain on India'a foreign reserves is

crippling.
The answer lies in sharply accelerated domestic oil production—though the response



NUCLEAR PROGRAMME HIT

INDIA'S nuclear power programme has also been hit by he instability of the country's electricity supply grid. Exist-ing power plants frequently have to shut down.

shortage of heavy water for three of the country's four reactors which are pressurised heavy water reand which are fuelled by (as opposed to enriched) uranium, has added to the problem.

country's riched has been hit by fuel embargo, imposed by the

Mrs Gandhi may try to renegotiate a resumption of fuel supplies when she visits Washington in July.

to cope with the problem.

plants which convert dung into

produce enough energy from biomass in one year to equal

seven years' consumption of kerosene for the whole country

India has total coal reserves

in world output four years ago,

content and is located mainly

under the high conditions.

Biomass

Two new indigenous heavy water plants are being built plies less than three per cut of the country's electricy. The Bombay-based Atotic to install capacity of up to 19,000 Mw by the end of te nium, will help to feed to planned second generation fast breeder reactors.

India is fortunate in ha ing a self-sufficient nucler cycle. The country resources are lieved to be sufficient of 10,000 mw.

resources of thorium while will be regulied for both the second and third generation reactors. The latter will sed on the self-sustaining thorium uranhim-233 cycle.

times that amount. Huge invet -or natural sources of energy, exploit, wash and ship this cal. such as firewood and cowdung. It has been calculated that Another key decision takenby the Government has been to there are 230m cows in India. allow private capital to finalce which produce 800m tonnes of India's major indostrial empre. to China where there are bealready has one 500 Mw plant. lieved to be anything from 5m to 20m biogas units (small

spoiled to build a second. The need to boost electricity supplies as well as improve the efficiency of existing ones, is crucial. Installed capacity is India's 600,000 villages, which have only 45,000 such units at present, could, it is suggested,

operating in Bombay, and las

around 30,000 Mw.

By the end of the next two decades, demand may be as high, if not more than. 108,000 Mw. This implies sev: capacity, installed at the rate of around 3,500 Mw a year, and capital investment over the same period of \$4.5bn. The present rate of new capacity installed annually, is barely 2,000 Mw.

of *zround* 110bn tonnes with proven reserves in the order of 23bn. The country ranked sixth Mrs Gandhl's efforts to fre although, since then, production has been virtually stagnant. the productive forces of the Indian economy by a series d Indian coal is frequently of key liberalisations are s vital poor quality-it has a high ash part of her new strategy b sustained econor growth. But if she cannot find a in eastern India, a long way from the prosperous industrial way of tapping greater aid centres of the western seaboard more dependable supplies pi new energy at least as fast as the rate of growth of the rest of the economy then ler efforts will be in vain.

R. C. Murthy outlines projects based on natural gas

Rs 100bn investment plan

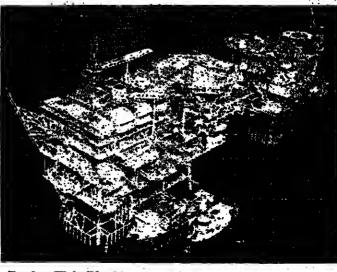
A MASSIVE investment of approximately Rs 100bn is either being made (or pro-posed) in Indian fortiliser and petrochemical projects, based on natural gas from offshore Bombay High about 120 km from Bombay. The investment will, in fact, be higher than Rs 100hn if all the natural gas available from Bombay High is to be ntilised fully and economic-

The investment figure was based on free natural gas from South Bassein Fields in Bombay High and associated gas availability, assuming the crude production at 12m tonnes. An accelerated production plan is ready to raise oil production from Bombay High to 19.12m tonnes in the year to March, 1985.

Around 6.2m cable metres of associated gas will be available against 4m cublc metres projected earlier.

Government has decided to set up a chain of 10 gas-based fertiliser plants, each with 1,350 tonnes per day (tpd) of ammonia. Four plants, two each in the western states of Maharashtra and Gujerat, are already under construction.

Six more are to be set up in



Bombay High (North) process platform built for the Oil and Natural Gas Commission by Oceanic Contractors, Duhai, a subsidiary of J. R. McDermott.

the northern states of Uttar-Pradesh and Punjab and Madhya Pradesh (central India). Four of the six plants will be in the private sector.

In addition, half a dozen plants to make a diammonium phosphate (DAP), a complex fertiliser, are being licensed by the Government to meet the shortage of phos-

phatic fertilisers. A Rs 500m

Fertilisers, the first private sector Bombay High gas-based plant, will be ready for commissioning by the end of

Two petrochemical complexes are to be set up, one each in Maharashtra and Gulerat, The Maharashtra unit, which will be owned by the Indian government, will

An expert committee his suggested the unit to produce 300,000 tonnes of ethylcic and 40,0000 tonnes of popylene. The gas crackir together with units of LDP, PVC and styrene, will cot around Rs 9bu.

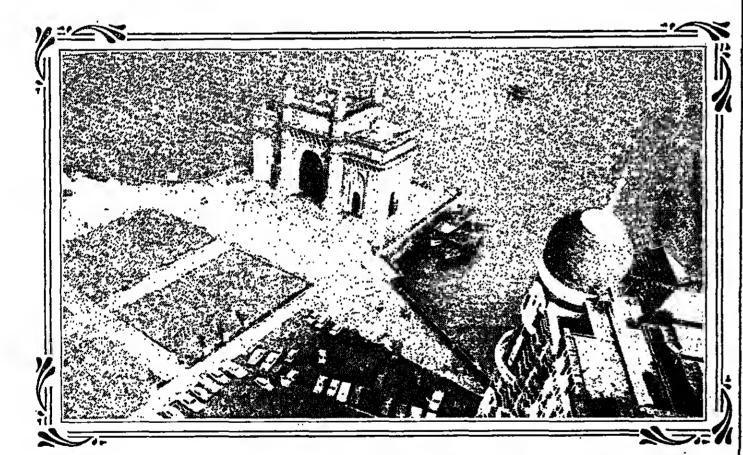
The Rs 6bu Gujerat pers

chemical complex is smaller than its counterpart in Maharashira. The project will have a product paticip different from the Mahrashitz complex and will be in the "joint sector" (joint) owned by the Government and private sector).

ENI of Italy proposes of team up with Linde of Wet Germany and set up two fertiliser plants of the sk gas-based fertiliser plants and the Maharashtra petrochemezi complex, with offers of Italian and German credits

to finance the projects

Besides fertiliser units and gas crackers, three arematic complexes are to be set up hased on naphtha from Bombay High crude, one each in Bombay, Mathura (near Delhi), and Cochin in the complexes of Kornia The southern state of Kerala. The government has given the green signal to projects for making DMT and polyecter fibre and filament yarn in the



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and Philippines ... HMT offers

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from concept to commissioning.

HMT. Adding new dimensions to

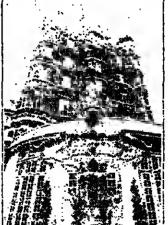
Nigeria, Algeria, Kenya, Tanzania,

A sense of history

INDIA

in 1903 arose the first of the Taj hotels. Built stone over beautiful stone. the beautiful lady of Apollo Bunder was adomed with exquisite chandeliers and all art rich in history. A decade later. King George V set foot on Indian soil on the steps of the commemorative 'Gateway of India' ... a monument that reflected the architectural magnificence of the Taj.

Such was the beginning of India's finest chain of hotels. At a stately pace were added legendary palaces, hotels in temple cities, resorts on historic sands, each embued with the Taj tradition of hospitality.



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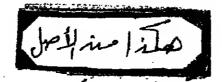
LONDON

The very same sensibility has guided the Taj Group in other lands. In London, it was only natural that the discerning eye of the Taj should fall on Bailey's and St. James hotels, two of the oldest hostelries in the city.

St. James Hotel speaks eloquently of a resplendent era in fine Edwardian architecture. Six imposing buildings around a central courtyard · reminiscent of royal times.

Bailey's Hotel, built in 1880 by a Gentleman and Member of Parliament, is one of London's oldest hotels. With a historic and architectural significance and the charming ambience of Regency London.

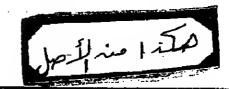
Taj International Hotels



INDIA-V

tad long

岩湖至 M7



Dil companies awaiting key decisions

"IT; difficult to do business withhe Indian Government," says 1 representative of the almo two years to choose finale the terms for explora-tions an offshore block, called Sauthtra II, on India's The strategy of accelerating westn coast.

the tal 64 bids received), to a depend on two factors:

Prex of Mexico and Deniex of West Germany, bests Chevron, are left in the ractor oil exploration rights

Civron has agreed to drill fivewells in Saurashtra II, invelog a minimum expendituriof \$47m — three wells (\$21) in the first three years, with option to drill another twovells, later.

agrid to seli all the oil produd from the wells at a price to b determined by the Govement—the profit margin is caldated by a complex forula linked to the surplus genrated by oil production afti setting off exploration and

ternational oil companies renot keen to join the oil boi in India. Oil analysts say themajority of blocks offered are ot even second rate.

lere are only a few blocks wif good hydrocarbon pros-peg and all the potential areas are reserved for the Governmet-owned agencies.

Surashtra II, for which Chron is awarded the exploratio; contract, appears to be the bes and has attracted as many as ix bids out of the 32 short-

Scondly, the glut of oil in intrnational market has slowed dow investment in exploration

Thirdly, those willing to invest make an international comparison of the returns and Intentional Oil Company in risks. The latest to join the Indi. The Government took south east Asian countries in the race to attract participation Chevn Overseas Petroleum of international oil companies Corration of the U.S. and to for exploration is China, which

The strategy of accelerating participation in oil exploration Ocompanies concede to the and production has virtually Government the right to not succeeded, although the baren hard on the terms, but the blonged delay in decisionmake upsets their calculation. Time is money. to cootribute substantially to Ding the two years since India cutting down on crude the vernment invited bids for imports at any rate in the next 32 chore and onshore blocks, three years. Greater involvethree years. Greater involvethe imber of bldders dropped ment of foreign oil companies frombe short-listed 34 (out of In India's oil exploration woold

Good potential

Opening of areas that are considered to have good oil potential, such as Krishna-Godavari basin. • Relaxing the terms for expioration and production sharing, and allowing attractive

profit margins commensurate with the risks involved. It is unlikely that the Govern-

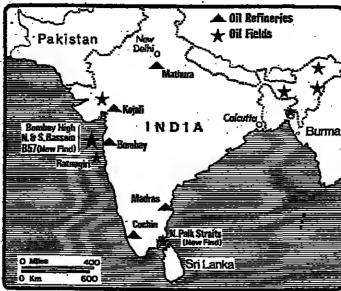
Te U.S. oil company has ment will offer Krisbna Godavari Basin, which the World Bank described as one of the world's potential oil-bearing structures. The Government is deploying its own resources. supplemented by a World Bank loan of \$100m to buy deep-sea drilling technology and equip-

In the second round of bids. India is likely to offer liberalised terms, having found the response to the first round poor.

The slow process in inducting international oil majors in the quest for oil increases the burden on the domestic oil industry.

The Off and Natural Gas Commission (ONGC) and Oil India, the two Government-owned organisations for explora-tion and production of hydrocarbons, are gearing themselves for their expanding role.

New technologies are being introduced. Helicopters are air- mission has formulated a tenlifting men and equipment to year plan for hydrocarbons



Gotaru, an inaccessible desert location in the northern state of Rajasthan, instead of using the surface transport. This method is found to be cheaper and faster than laying roads and communications facilities first only to be abandoned later if no hydrocarbons are found. But it is a long haul for India to self-sufficiency in oil. The immediate objective is to produce 30m tonnes of oil by the year to March 1985.

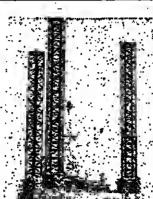
Bombay High oil fields are to yield 19.12m tonnes. Onshore fields in the western state of Gujerat and the north-eastern state of Assam are being geared to produce about 11m tonnes The production of 30m tonnes will meet 70 per cent of India's needs of oil by 1984-85, against 30 per cent domestic oil component at present.

The crucial aspect domestic oil availability will be seen after 1985. An official working group on energy policy estimated a minimum three-fold increase in oil requirements to 1.80m barrels a day in the

Demand for oil is expected to grow at around 10 per cent a year, against 6 per cent annual crease in the past three years, wben the consumption was depressed by a sharp increase in petroleum product prices. The price of gasoline had almost doubled to Rs 6.15 per litre from Rs 3.15 per litre, in four years. The Government plans to

introduce, within two years, a cheap but fuel-efficient, small car made by the Governmentowned company of Maruti, with Japanese collaboration. The entire automobile industry is undergoing technological grading and expansion infusioo of foreign expertise.

The oil and natural gas com-



A French-built Jack-up rig operated by India's Oil and Natural Gas Commission

exploration. The plan, which involves an investment of Rs 289.95bn is now under way to explore for oil and produce 60m tonnes by 1990.

Oil India, which is prospect-ing for oil in Assam and Mahanadi Basin In eastern India, is working on a similar 10-year investment plan. This is a massive investment and the two organisations will have to use the resources judiciously to achieve results,

ONGC has found oil in Palk Bay, the small strip of sea be-tweeo India and Sri Lanka, but the size of the structure is still to be established. Two of the three wells drilled, so far, are

India is pinning hopes on the offshore Godavari structure, where Sedco, under contract with ONGC, has deployed a sophisticated vessel to drill in as bazardous conditions as in the North Sea. If the Godavari Basin proves to be another Bombay High, India's oil problem is solved for the next 10

R. C. Murthy

There will soon be an Indian cosmonaut in space now that the Government has accepted a Soviet offer to train and send one as a companion to a Russian.

New developments come close to matching capabilities of more advanced nations

secure

THE spindle-shaped backwater island of Sriharikota, off Andhra Pradesh, in South India, was until a few years ago a desolate stretch filled with jungles, used for firewood. Even so, the island's location and desolation favoured its choice, in 1969, as a site for launching earth

The isolation is suited to the testing and launching of powerful rockets, while the east coast location can help a launch vehicle to take advantage of earth's east-west rota-

Sriharikota is now a hive of activity after the original Thumba Equatorial Rocket Launching Station, near Tri-vandrum, in Kerala, where India's space programme made a modest beginning in 1963, hecame inadequate for the more ambitious plans to place satellites in orbit.

The Sriharikota rangeshortened to Shar, or an arrow —is the most extensive estab-lishment of the Indian Space Organisation (ISRO). The 33,000-acre island is an enormous complex of technical facilities and a township for the 1,500 people engaged in its varied operations.

Research and technology development remains concer trated at the Vikram Sarabhai Space Centre at Trivandrum, the largest, technically, because nearly 5,000 people Thumba Rocket Station.

ISRO has two more principal ceotres at Bangalorefor the development and fabrication of satellites-and at Ahmedabad, in Gujarat, for research in and co-ordination of space applications. Overall control for the \$1bn 10-year space programme is centred at Bangalore, Indian satellites, although

made and launched from Florida and Guyana, already circle the globe to improve telecommunications, meteorology and other modern applications. But clearly the most

dramatic development was the successful launch in May. 1981, of the space launching vehicle (SLV-3) from Shar

which placed a 38 kg satellite into orbit (the satellite itself came down in nine days, much earlier than the 90 days planned for it).

The development is important because Indian scientists and engineers depended almost entirely on their own of design and fabrication.

Of the 17 tons that SLV-3 weighed, 13 tons was taken up by the solid propellant that Indian scientists that Indian scientists developed after France asked millions of francs for it in 1972. The solid propellants for the main rocket and the liquid ones for the small control rockets are new made at plants at Alwaye in Kerala and at the Electrochemical Research Institute.

These advances put the Indian space effort well on the way to matching the capabilities of the more advanced nations (and, incidentally, gives It the option to make long-range ballistic missiles).

The SLV-3 is similar to the U.S. Scout which has proved to be a reliable and relatively inexpensive launch vehicle for small satellites for a variety of scientific missions.

Like the Scout, the SLV-3 was a four-stage rocket with a total thrust of 176,000 pounds. The first two stages had metal casings, with stringent metal-Inrgical and structural specifications; the fibre glass used for the third and fourth stages called for still more sophisticated manufacture.

Equally important is the fact that 90 per cent of the 10,000 major components of the 44 major sub-systems of the rocket were manufactured in India-a fault operation of even one component could have wrecked the entire experiment. The complex instrumentation of the rocket, the satellite and the ground facilities for monitoring and controlling pre-launch and post-launch operations were all mada in India-a pribute to Indian skill, talent and innovation that is not always in other technology areas.

The satellite programme is also far ahead, although mncb of the fabrication of those already orbited has been left to countries such as the Soviet Union, the U.S. and France. This is mevitable if India is to take advantage of

what the Department of

Space calls the "applicationoriented projects designed to

tangible socio-

economic benefits for This refers to communications systems, observations for hydrology, forestry, oceanography and meteo-

The early benefits of satellites for these activities need quick fabrication of the systems involved and India is still an infant in these areas, although the Apple (Arienc



The Indian-built "Apple" (Ariane passenger payload experiment) has revolutionised India's communications

passenger payload experiment) was made in the country itself.

Apple is now in geocentric orbit through courtesy of the European Space Agency. although the final boost motor needed to pusb it into position was Indian-made. This is a highly sophisticated piece of engineering which China does not have at

Similarly, NASA already huilt and orbited the Indian National Satellite (Insat) system. These have been intended for the collection of meteorological data and direct television broadcasting.

present.

Further Insat satellites will be designed and fabricated in India and there will be some saving in foreign exchange—the first of the

apart from further improving India's technology.

SPACE PROGRAMME

Bhaskara H. India's second experimental earth observation satellite, was launched from a Soviet cosmodrone last November and it continues the remote sensing of the country's resources and geography, begun by Bhas-kara I.

The second satellite is a greatly improved version and can, for instance, differentiate hefween water vapour and liquid vapour in the atmos-

Having done all this, ISRO has now framed a new decade profile for the 1980s. Now that there is a technological base and infrastructure for long-term self-reliant space programme by developing sounding rockets, satellite launch vehicles and satellite technology, the Indian space programme is charting the course to develop semi-opera-tional and operational systems for practical space applica-

The decade will also with ness the development of an Indian Remote Sensing (IRS) satellite series for the effective ntilisation of remote sensing technology and to promote the establishment of a national natural resources and management

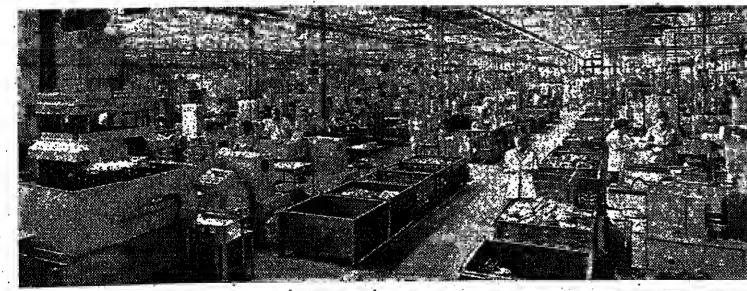
A major new launch vehicle, PSLV, capable of orbiting 1,000 kg satellites in Polar sun-synchronous orbit, is now being developed, and this will put space techno-logy further ahead, although the timing is still uncertain because of the difficulty of obtaining funds for the effort.

But If this is not dramatic enough, there will soon be an Indian cosmonant in space now that the Government has accepted a Soviet offer to train and send one as a companion to a Russian.

This move is gimmickry, however, and the Indian space scientists do not need this to claim applause for their

K. K. Sharma





Getting into scooters, usually means getting in touch with India too; because that's whera Bajaj Auto, the world's second largest scooter manufacturer, is located.

To many peopla this comes as a bit of a surprise; whan it really shouldn't. After all, India Is the world's tenth largest industrial

A number of large manufacturing organisations have contributed to this dramatic growth. One of them is Bajaj Auto; a company employing over 6,500 peopla and equipped with modern mass production facilities. It is also wall known for its ruthless quality control.

There are more coming
At Bajaj Auto's 64-hectare plant near Bombay, there is great excitement over the company's expansion plans.

New bays are already being completed to accommodate the men end machines which will push production up to 250,000 scooters, three-wheelers and motorcycles a year by mid-1981.

Which is still not enough
With oil prices climbing steadily and supplies uncertain, the demand for small, comfortable, economical vehiclas is increasing in every part of the world.

basic creed which made Bajaj scooters world-famous in the first place: The real critaria for the existence of a

manufacturer is to give the customer tha best possible product at the lowest possible ·Across seventeen countries and over

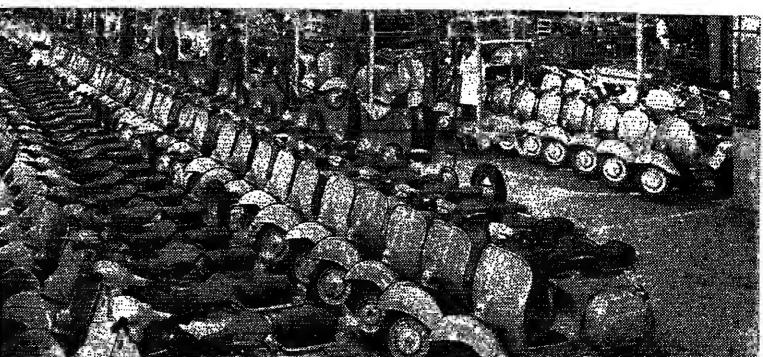
billions of kilometres, Bajaj scootars have met these critaria with ruggedness, reliability and economy that are unmatched.

Now's your chance
Tha doubling of Bajaj Auto's capacity to over 250,000 vehicles a year is being complated at a time when worldwide demand for scooters is increasing at almost the sama rate as petrol prices.

.Think it over. If you should decide tomorrow morning to go into scooters, how many companies ere there in tha world which have the capacity to guarantee you bulk supplies?







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Some of the far flung electorate of Indira Gandhi

Speculation grows over possible constitutional changes

sistorised tape recorders.

As they weave their way round boulders and stray cows the voice of Indira Gandhi, by political superstar, ber electorate not misled by the false promises of the opposition.

The ingenious concept of ster out of loyalty to the political pedal power was first fremlin—for whom the Indian conceived by Mrs Gandhi's relationship is vital—and those party managers in the run-up to the 1980 elections which swept her back to power after three years in the wilderness.

Mrs Gandhi's unquestioned dominance of the political stage having been cast there by an electorate outraged at The

neatly symbolises two of the Gandhi, under the umbrella of most basic facts of Indian the Janata coalition, bave failed political life loday. The first. miserably. sheer size of the country and the number of people make the task of hullding an effec-tive, nationwide party organi-sation which can reach, control and hold the furthest corners of the union virtually impos-

Main issue

Unlike the United Stateshe only other democracy in the world of remotely comparable size—India's 685m people, spread across 22 states, speak 14 major languages, hundreds of dialee's and, more often than not, feel as much loyalty to the centre as a Scotti Nationalist does to London. Scottish

The second reality of Indian politics today is that there is only one real issue which unites or divides people on a national scale and that is whether one is for or against Indira Gandhi.

The only exception to this rough rule of thumh is those small number of states—West Bengal, Kerala and the tlny outpost of Triura—where India's ineffective Communist Party has been able to put down roots. There the issues are sometimes fought, by no means always, on more conventional groups.

But the Communists present

no real threat, either to Mrs Gandni or to what might be described as "the ruling establishment," on a national scale. Their identity, weakened in important farecent years by interminable development.

IN THE back lanes of India's splits which sometimes reflect southernmost state of Kerala, just party infighting, remains men pedel rickety hicycles fitted preoccupation of most Indians with loud-speakers and tran- with caste and communal boun-

> Even the Communists, how-ever, have recently been affected by the Indira factor. The Communist Party of India faction of the movement, is now split between those who are willing to back the Prime Mini-

> Mrs Gandhi's unquestioned dominance of the political stage is also belped by disarray Repeated attempts by some or all of the parties who had come together in 1977 to defeat Mrs

figures such as Jagilvan Ram. who commands millions of votes among India's untouch-ables; and Charan Singh, the Lok Dal's "old man of the sea." and others who bave beld bigh office to coalesce effectively even on such a tenuous plat-form as getting Mrs Gandhi out of office, remains a curlous

The inability of leading

But Mrs Gandhi's dominance carries with it its own problems. The most important of these. say her critics, is that it is at expense of a sound Congress (I) Party structure which would be able to carry on without her. The Congress (I), which she

formed in 1979, after splitting from now innocuous parent party, is far from heing a disciplined, tightly-run organisa-tion. Infighting and factionalism on the increase. Defections are not uncommon. Some corruption cases have badly dented the party image. The glue which holds it together is Mrs Gandhi's considerable pulling power, and not much else.

Mrs Gandhi and her advisers have been made a virtue out of this. In recent state elections, Congress (I) candiates campaigned on the basis that a vote for them will he a vote for good relations with New Delhi. This is of erucial importance in India where relations between the centre and the states are an important factor in economic

The hostile international en-remnants of Sanjay's cabal were vironment and, in particular, out to establish an independent the tension with Pakistan and United States over the supply of American F-16s to the beir apparent. strengthened Mrs Gahdhi's posi-

Rajiv, who reluciantly aban-

Airline pilot, as well as his pri-

There is growing speculation

aim would be to more easily

push through reforms and weld

the country closer together.

when the time comes.

lay went in for.'

She argues, with some force, that a strong, central govern-ment is important if such threats are to be effectively

dealt with.
There is also the fact that, since coming back to power in Mrs Gandhi's first priorities were not to cope with parochial party matters but with putting the economy back on its feet, getting the civil service moving and implementing badly

needed reforms.

She can also point to the fact that the difference between the India she presides over and the one presided over by her father, alarming. Jawaharlal Nehru, whose period of office has assumed an almost , that Mrs Gandhi is keen to make Arthurian status, is that constitutional changes which today the unique bond forged would enhance the role of the today the unique bond forged would enhance the role of the out of the country's struggle for capital through a presidential independence is memory for system not unlike France's. The many and history for most Indians

The gradual erosion of the national and therefore the congress consensus was inevitable-The resurfacing of regional and communal politicis equally so. fully. In any case, as one editor put it: "Turning the Prime Minister into the President isn't going to prepare the ground for In that sense, Mrs. Gandhi's task s much harder than ber father's. This baving been said, how-

ever, the parlous state of the

ber succession, any more than it Congress (I) is of increasing will solve India's problems.
"A more effective and united concern to a number of its supporters.
The small and (in political political machine on the other hand, might help." terms). relatively insignificant

quarrel between Mrs Gandhi and the widow of her son. Saniay who died in an alr crash, underlined this fragility. The quarrel came to a head

when Maneka Gandhi, who is only 25, openly defied her mother-in-law and attended a political rally in the northern city of Lucknow, ostensibly to revive the flagging spirit of her dead husband's policies. However disliked he

have been, even Sanjay's barshest critics concede that he knew what he wanted, that he had some clear policies and he implemented them effectively, if ruthlessly. Mrs Gandhi responed by ask

ing Maneka to leave her house, acting out a classic Indian set-piece family feud. She sus-pected, not entirely without that Maneka and the

of parties THE RULING party in India sonal, rather than titical is the Indian National Congress, reasons. Among its rinbers is the Indian National Congress, reasons. Among its unbers (I)—the "I" for India—which is Mr Morarji Desai, the anata is dominated by Prime Minister Prime Minister for th

Indira Gandhi. She is its Presi-period that the party relident, mother figure, policy country although its Pic maker, office-bearer appointer is Mr Chandra Shekh and just about everything that counts in the party.

The party was formed in 1979 when Mrs Gandhi broke away.

from the parent Congress Party. when it went into opposition after being defeated by the

policy but this is extremely ambivalent. It purports to be left-of-the-



following a Right-wing econ-omic policy while apparently accepting overtures to her from

The Congress (II has never held internal elections so it is not known what its popular triya. Swyamsewak base is, it is possible that it has (RSS), which wound its none, and relies on Mrs when it merged with the Gandhi's undoubted charisma Janata Party in 1977.

for its support.

The party has an executive of nominated members (by Mrs. Gandhi) who form the working power base by attacking ber and committee. But, in effect, only two people count in the party. Mrs Gandhi and her chosen through her other son, Rajiv, who is now being groomed as heir apparent and son, Mr Rajiv Increasingly, Mrs Ghandi's suporters are asking whether

Until the recent by elections, on May 19, the Congress had a strength of 351 in a Parliament opposition. is frag-

vate life, to step into Sanjay's shoes, will rise to the occasion political party because none has the requisite 10 per cent of the seats in Parliament. As one obeserver put it: "Rajiv bas plenty of time and, furthermore, whatever his quali-

ing the kind of tactics that San-There is, nevertheless, an absence of alternative choices which, in any other democratic party would be regarded as

> inspiration from Russia).
> The Janata Party risely is what remains of the Janata experiment that lasted from 1977 to 1979. It consists mostly

tinct ideology. Its streth in Parliament is 31. A bigger splinter g

farmer in northern leader, Mr Charan Sins hian (after the Manatma, not the Prime Minister) socialist headed the caretaker ment when the Jana lapsed, the Lok Dai (I Party) has a following

> also consist of former nent socialists such Machn Limaye whose party has vanished fro Indian political scene.

mented into innumerable groups, none of which qualify for recognition as a distinct

Broadly speaking, it consists of groups formed by fragments of the Janata Party which cracked up in July, 1979, when



callapsed and with it, the But with the memory of the experiment of the merger of five parties -into a single emergency and ber own defeat still fresh in people's minds. Mrs Gandhi has to tread careorganisation.

The other extreme is represented by the Communist Party (Marxists) and the Communist Party of India tdrawing its

Alain Cass opposed to Mrs Gandhi for per-

merically, with inst

political offshoot of the ash-

The party has now been sentative of the bar orthodox Hindus with a baker ing for what it thinks is arne

Communist (Marxists), or CPM as popularly known, has 35 in parliament. Its ideology is Markist, but it remained loof from both Peking and Micow until its last Congress in March when the party semed be veering towards the Russians.

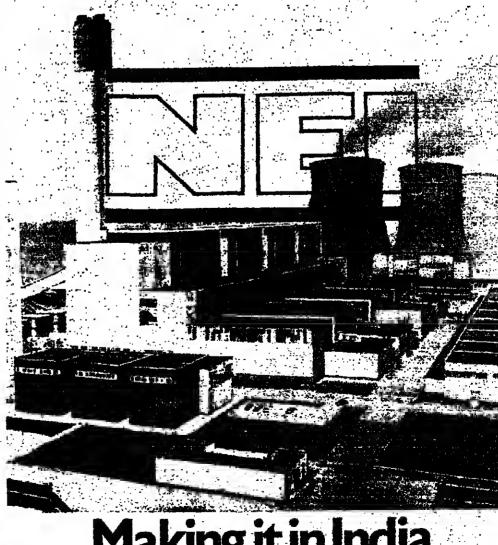
The Marxists' main losse are in West Bengal which the rule and the southern state of Krala. in Tripura State and have pockets of strength all over India, especially among fatory workers. The most proment Marsist is Mr Promode Das Gupta of West Bengal.

The same is the case with the Russia-leaning Communist Party of India (CPI) whose fol-lowers are fading. It has just nine members in Parliment who fervently espouse the Soviet cause, part of which s to stoutly support Mrs Gndh. She treats them distantly and this has inevitably lost them popolar support, although the CPI still controls some unions.

K. K. Sharna



Left-wing demonstrators on their way to the U.S. Embassy in New Dellii



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INDIA-VII

FOREIGN POLICY

India's foreign policy is governed by three main pre-occupations: relations with Pakistan, her position as leader of the non-aligned movement in the Third World and her relationships with the two superpowers.

New initiatives aim to attract more overseas capital

INDIAN foreign policy is on the move again after a long period

Mrs Indira Gandhi, the Prime Minister, has just completed a round of European visits which in the case of Britain, in particular-seem to mark a new departure.

These are to be followed late n the year with visits both to he Soviet Union and the U.S. Uthough the original intention o carry these out in June and luly has been postponed, partly necause of Soviet irritation at the fact that Mrs Gandhi cointedly announced ber intenion to make the trips almost dimultaneously: and partly because the dates did not suit the U.S., there is no reason to suppose that they will rail through. Of the two visits the one to the U.S. is, fo course, by far the most significant.

Mrs Gandhi was last in the U.S. before the emergency in 1975. Since then, relations (always never much more than correct) have taken a nose-dive, partly due to the U.S. decision to cancel the contract for the supply of uranium to India's Tarapur nuclear plant, partly due to America's open bostility to the \$5.2bn aid to Pakistan in the shape of an arms package which includes F.16 combat

Mrs Gandhi apparently believes that "we do not figure in the U.S. scheme of things." Presumably, the intended visit to Washington is to correct that oversight.

President Reagan, for his part, will be eager to do whatever he can do to wean India away from the Soviet Union and allay fears in New Delhi over America's attempts to build a strategic consensus in the Gulf and West Asia to replace the fall of the Shah and the un-timely death of President Anwar

Sadat of Egypt.

Mrs Gandhi has just returned from Saudi Arabia, the heartland of the Muslim world. The visit was of immense significance because of the Kingdom's strong links with Pakistan as well as its support of U.S. policies in the region.

Mrs Gandhi has also resumed talks with China in an attempt to normalise relations which have yet to recover from the war in 1962. This left India de-feated, demoralised and isolated driving her more closely into the waiting arms of the Soviet

It is not yet clear whether all this activity is the forerunner of any radical departure in foreign policy.

In New Delhi the twin aims since coming back to power in at dialogue end in failure such of economic growth, and hence 1980.

Soviet ations, begun amid much failure such as the recent desultory negotipolitical stability, at home, and Relations with the Soviet ations, begun amid much failure such position in the subcontinent, can only be achieved through a more flexible foreign policy which owes less to the present overwhelming dependance on the Soviet Union.

The visits to Britain and France mark a distinct tilt towards Europe. This, Delhi hopes, will belp to create a favourable political climate which, coupled with the increasing liberalisation of the economy, will attract foreign capital

In this context, the IMF loan is of major symbolic importance and marks a return to the poli-cies of the 1950s when Mrs Gandhi's father, Jawaharlal Nehru. combined Western capital with a carefully bal-anced foreign policy to make buge strides in huilding postindependence India.

India bas also been rapidly diversifying ber sources of arms supplies in the past two years. The military logic for this is dubious, as many of Mrs Gandhi'a own advisers have pointed ont the political advantages are, bowever, unquestion-

As always, India's foreign policy is governed by three main preoccupations. Relations with Pakistan, India's position as leader of the non-aligned movement io the Third World and her relationship with the two superpowers.

All of these are, in some sense, likely to be affected by Mrs. Gandbi's oew approach

signs of stress. Although the Russians bave been particularly careful not to offend Indian sensibilities by interfering in domestic policy, they cannot be happy at the IMF loan any more than at what Left-wingers within India describe as ber "slow drift to the right."

Beyond this and more significantly, the policy to purchase Western arms, the visit to the U.S. India's lukewarm (as the Russians see it) support for Soviet policies in Afghanistan and whole tenor of Delhi's more even-handed approach are irritating to the Kremlin for whom India is the linchpin of its policies in Asia and indeed the Third World, as a whole.

None of this, however, is likely to break out into the open. The Russians value their relationship with India far too much for that. Mrs Gandhi, on the other band, knows that while an apparent distancing from the Soviet Union can usefully increase ber leverage over the Kremlin an open breach would again leave India vulnerable and, ultimately, friendless, In the event of a war with Pakistan, for example, Soviet political, military and economic

This entirely eventuality is not beyond the realms of possibility. War with Pakistan is still the most likely flashpoint on the subcontinent and both sides appear increasingly preoccupled with the possibility. So great is the residual bostility and mutual susplcion of both sides that most attempts

support could prove decisive.

fare only to be abruptly broken off, on a no-war pact.

India regards the arming of President Zia's military regime by the U.S. as dangerous and ill-advised. American F-16s will ultimately be used, not to face any threat from the Russians in Afghanistan officials argue, but to attack India.

Anxieties

They point to Pakistan's apparent attempt to manufacture a nuclear weapon. Beyond this, there is fear, never officiexpressed because of its explosive potential, that a damaging war with a fundamentalist Muslim regime in Pakistan could ignite volatile religious passions within India with un-foreseable consequences.

The Pakistanis, for their part point to India's massive arms programme and the apparent lack of urgency in New Delhi to find a lasting formula for sensible relations in the future.

Remarkably sure-footed as she has proved in guiding India in foreign policy and sensible as her new initiatives may he, if Mrs Gandhi does not work quickly for a lasting peace with Pakistan, a fourth and moch more damaging war for both sides cannot be ruled out.

The consequences of that conflict would be to isolate India again, increase even further ber dependance on the Soviet Union and set her present initiatives back by years.

Alain Cass



Mrs Margaret Thatcher, Britain's Prime Minister, chats with Mrs Gandhi-the Indian Prime Minister's visits to Britain and France mark a distinct tilt in foreign policy towards Western Europe

Delhi's more even-handed approach irritates the Kremlin

Relations with the Soviet Union are showing signs of stress

WHEN A Soviet minister made were there to stay, the Russians his annual pilgrimage to India totally ignored Mrs Gandhi early this year, he asked his bosts: "How many people speak Russian in your country?" them to her.

There was no count, but he As if to make up for their because smiled with pleasure when told neglect. Mr Brezhnev himself Russia. that there was an institute teaching the Russian language in almost every state.

turns out 50 graduates a year, there must he roughly 2,000 Indians added every year to the growing number whose main foreign language is no longer English but Russian. They have been taught Russian history. Russian literature and, of course, given a crash course in Russian ideology—all with the blessings of the Indian Government Russian is also taught in many schools.

What would not have pleased the Soviet minister is the fact that gaining admission to one of the Russian institutes - all subsidised by Soviet grants-is achievement of students leaving fail to point out with embrrassschool and seeking university education in fact, applications are made to the institutes by students who fail to win admission anywhere else.

Still, there is an increasing number of Indians who speak Russian and this is symbolic of the close and expanding links with the Soviet Union. The Russians guard the new Delhi connection jeslously and nearly miscalculated when Mrs Gandhi lost the 1977 geoeral election and was replaced by the Janata

Relationship

Mr Andrei Gromyko, was des-patched post haste to New Delhi to establish a working relation- creasingly sour. ship with the new leaders. The Janata G lating that the Janata leaders that it would follow a policy of own domestic shortages.

when she was in the wilderness. This could have not endeared

came to visit Mrs Gandhi when eaching the Russian language she won the 1980 election, n almost every state.

Assuming that every institute friendship with the Indians and virtual corte blanche to the Government.

> Mrs Gandhi, despite a great deal of Soviet pressure, bas still to return the visit and that, when she announced the probable date of the trip to Russia, she also declared that she would visit President Reagan Washington.

The trip to Russia will undoubtedly be made and the Moscow link—some describe it as the Moscow—New Delhi axis
—remains undiluted. There are compelling reasons for the Moscow connection to continue to be strong. As the Russians never ing regularity, the Soviet Union is India's most reliable political ally, a supplier of massive a mounts of sophisticated weaponry at absurdly low prices. the largest single trading partner, hullder of much of India's heavy industrial plants and

The truth is that the Moscow connection is so all-embracing that it is becoming embarrasing to the Indians.

champion of India's cause at

whatever forum support is.

New Delhi follows, after all, policy of non-alignment. Yet there is hardly any country that MCIRIONSHIP does not believe that there is a such vital items as crude, pet-The Soviet Foreign Minister, distinct tilt towards Russia, roleum products and fertilisers especially now that relations with the U.S. are becoming in-

Obviously (and wrongly) calcu- derscored this by amnouncing famine threatened, despite its

"genuine non-alignment," im-plicit in this is that Mr Morarji Desai, the Janata Prime Minister, felt that India's non-alignment was not "genuine" because of the tilt towards

Yet even the Janata Govern-

ment soon realised that ties with Russia were too firmly established to be easily shaken rirtual carte blanche to the off. The Soviets had always been wooing India and this in-It is of some significance that tensified with the break with China. The link was institutionalised with the signing of the Indo-Soviet Treaty of Friendship in 1971, shortly before the war over Bangladesh, when Mrs Gandhi badly needed international support.

Since then, Indio-Soviet relations have expanded in every field. Russian weapons arm the Air Force, which has MiGs of every generation np to the MiG-25 and will soon acquire the MiG-27, the Army (tanks and artillery), and even the

The Soviet Union is India's largest single trading partner. Of the total exports of Rs68bn in 1981, about Rs21bn, or 40 per cent, went to Russia. In 1982, the target for exports to the Soviet Union is Re32bn.

Barter deal

Imports are equally heavy in the early 1970s.) and are paid for not in scarce convertible currency, but in goods under what is virtually a barter deal worked out in annual trade plans, with deficits being settled through "technical credits" in rupees. Russia has willingly supplied

when they were not available elsewhere and even diverted food ships from the U.S. to The Janata Government un India some years ago when a

The links in many other fields are as large because the Russians—even though they they strike a hard bargain and have been found to be re-exporting Indian goods to Western Europe for hard currency—have assiduously culti-vated India. The result, whether the Indians like it or not, is that India is considered all over the world as Russia's only ally outside the Communist bloc.

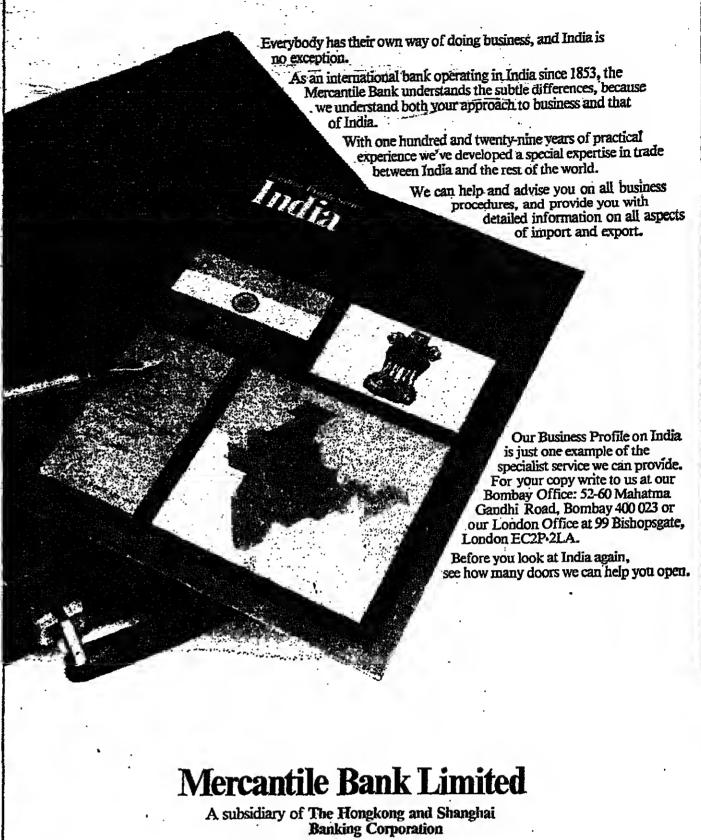
The Indians do not really like this. Even Mrs Gandhi's support of the Soviet invasion of Afghanistan was soon modified and the Indian Government now supports the demand for the Russian military with-drawal, in terms of a resolution adopted by the non-aligned foreign ministers' conference, last year.

Indians find the Russians with rare exceptions—overbearing and difficult to get on with and, being naturally gregarious, find it difficult to understand their ghetto-like existence in places where they work in India. The Russian Embassy in New Delha's diplomatic enclave is floodlit and has searchlights beaming outwards, obviously to prevent intrusions — and defections. (Stalin's daughter defected to the U.S. embassy in New Delhi

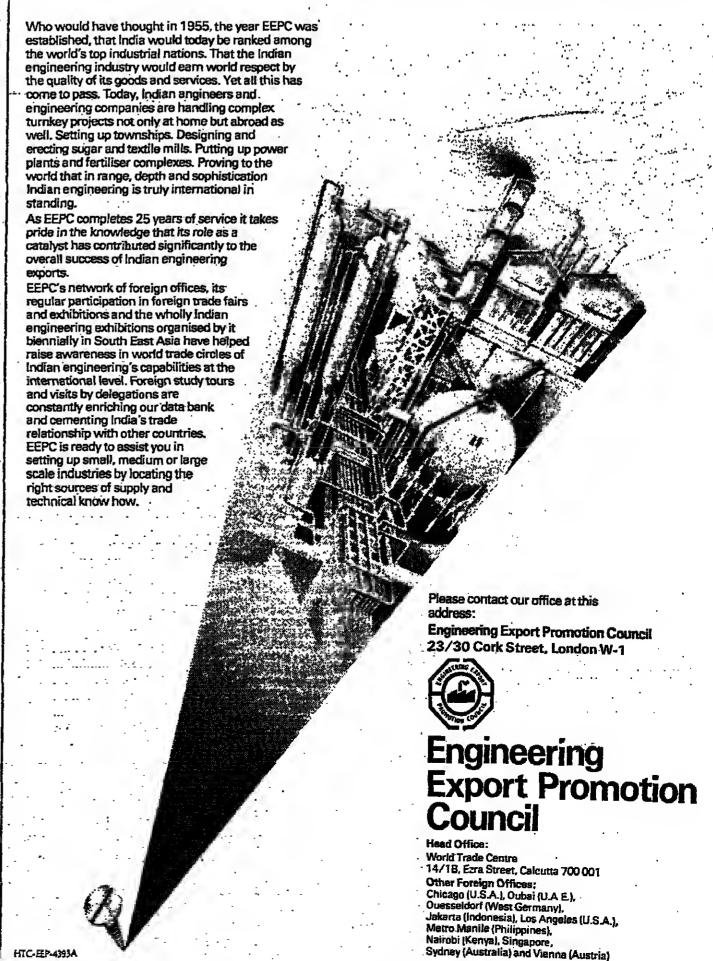
Many Indians may speak Russian, hut they don't really speak the same language politically, culturally and socially. Even in the matter of defence equipment, the Indian Government is deliberately diversify iog its sources of supply to avoid excessive defendence on Russia. But economics and politics have their own compul-sions and, willy nilly, the Moscow connection remains

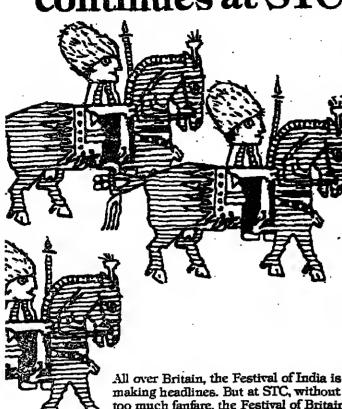
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INDIA-VIII

Almost 75 per cent of Indians owe their living to the land, and agriculture accounts for around 40 per cent of the country's gross national product, but average crop yields are still extremely poor.

Depressing picture despite important achievements

MUCH HAS rightly been made independence more than 30 to industry and the over-populaof what appears to be India's years ago. new found self-sufficiency in foodgrains, most notably in to build up stocks which earlier hide the fact that in 1979 India survived without famine or imports what many now say was perbaps the worst drought of the century.

For a country that less than 10 years ago was importing around \$1bn worth of grains a year this has been an important

Elsewhere, bowever, like the British weather, much of Indian agriculture reveals an essentially depressing picture, with a few bright spots filtering through the clouds. Even foodgrain self-sufficiency is at per capita consumption levels which leave millions without sufficient protein-intake for a healthy life. Output of a number of crops has bardly kept pace with the inexorable growth to the country's popula-

In some important non-cereal food crops output has actually declined in per capita terms over the past 15 years. The "green revolution," which bas done so much to boost grain yields in the States of Punjab and Haryana, bas left many

parts of the country untouched. The new seed technology bas been largely confined to wheet and rice, leeving a whole range

of important food crops with

average yields only marginally

than they were et

More than 65 per cent of the

country's 175m bectares of faster agricultural growth rate wheat and rice, the recent agricultural land remains and a much more productive imports of 2.3m tonnes of wheet unirrigated, leaving a large proportion of the 510m or so this year had fallen to population, who are dependent dangerously low levels do not on the land for their survival, to the vagaries of the monsoon and just one crop a year.

According to the World Bank well over 50 per cent of Indian farmers and rural labourers live at appallingly low levels of poverty and unable to obtain the minimum protein require-

Around 120m rural people remain landless, while according to the 1976-77 agricultural census more than half of the 82m families who own land depend on farma smaller than the one hectare necessary to support them at subsistence

Together, these two categories, accounting for around 350m people, make up the bulk India's poverty-stricken

Although India bas become an right, agriculture is still the mainstay of its economy and by far the largest single employer in the country. Almost 75 per cent of Indians owe their living to the land, and agriculture accounts for around 40 per cent of the country's gross national

If India is ever to stem the growing tide of poverty it will

tion problem: it will also have to find a way of inducing a much and intensive use of its agricultural land.

The average annual growth rate for Indian agriculture in the past 15 years has been just 2.7 per cent, well below the 3.1 per cent recorded in the first 15 years after independence. With the population expanding at well over 2 per cent per annum in the past decade and a half, Indian agriculture has had to run fast just to keep marginally

Of the eight major crops listed in India's annual economic survey (cereals, pulses, oil-seeds, sugar cane, cotton, jute, mesta and potatoes) only three —cereal, potatoes and sugar—have made significant strides in production during the past 15

On a five-year moving aver-age, cereals production did well to record a 33 per cent improve-ment between 1966-70 and 1976-1980, while from a small base potatoes leapt 100 per cent and sugar 33 per cent. For the rest, production gains were dismal. In terms of per capita avail-ability, even sugar was all but

stagnant during the period, while oilseeds and pulses actually declined by more than 10 per cent.

Indian agricultural productivity is generally extremely poor, even by Third World standards. China, for example, feeds its population of one billion from 125m bectares. India has 175m bectares, to feed its 684m popu-

Average Indian crop vields are extremely poor. According to V. I. Chacko, president of the International Centre for Planta-tion Studies at Bangalore, in wheat India is 35th in the world league, in rice 38th, in cotton 42nd and, despite having the largest area under sngar cane anywhere in the world, yields are half those in many other

all the non-foodgrain crops, work on oliseeds is certainly the most pressing. For several years now, India has been importing edible oils to the value of up to \$800m a year, and this has become a major drain on the country's precious foreign exchange reserves.

sugar-producing areas.

Production

Even without new scientific which could boost yields by et least 25 per cent. In the past 15 years production of the five major oilseeds has increased by a mere 11 per cent, and yields per hectare have hardly in-creased at all during the past 10

Much greater efforts too need to be concentrated on boosting cotton and pulse yields, which are among the lowest in the world. Pulse production is actually lower than it was at independence, and yields per hectare have actually declined in the past two decades.

Next to wheat, rice and oilseeds perhaps the most import-ant scientific breakthrough which Indian agriculture re-

AGRICULTURAL OUTPUT

(kilograms per capita)* 1966-67 to 1970-71 162

Per cent change over

+17 -35 decades A per capita output in this table is equivalent to p capita domestic availability. Average production for each hadecade is divided by India's average population for the same Sources: Government agricultural and population statistics

ACRICIII TURAL PRODUCTION INDEY

	(1969-	70=100)			· .
Commodity group	1976-77	1977-78	1978-79	1979-80	1980
Foodgrains*	115.7	133.6	139.3	114.8	. 13
Oilseeds†	103.9	116.5	121.6	108.5	11
Fibrest	106.3	125.3	139.4	133.9	13
Plantation crops8	139.3	151.9	151.2	155.1	15
Others¶	./ I3L4	148.1	131.8	109.3	1\$.
all crops		132.7	. 137.8	117.2	15.

speseed, mustard and other minor phaseeds; \$ Includes cot) jute and mesta; \$ Includes tea, coffee, rubber; \$ Includes suacane, tobacco and potato. Source: Government of India 1981-82 economic survey.

quires is a revolution in seed technology and improved agripractices for dry have been committed to a sector where poverty is the greatest, productivity the lowest and potential perhaps the highest.

To many people, land reform means an increase in the number of smaller holdings at the expense of rich landowners. If all India's agricultural land was to be divided equally among its rural inhabitants, the average holding would be a mere 4 acres per family, just about enough to support them at a subsistence level, there would be insufficient agricultural surplus to feed the 200m or so Indians who live in the cities.

What is needed is a reduction in the number of families operating landholdings of 5 hectares or less, (60m). Such to save and therefore to lay out money on tube-wells, fertilisers and other inputs needed to boost agricultural productivity

Irrigation is of vital impor-

doubt that the most essertial output and rural living sandards is to irrigate the 120m hectares which are still wioily ! Irrigation can mean the difference between one crop a year and three, and can raise yields per hectare several times

The World Bank is pouring enormous resources into irriga-tion, but petty inter-State disputes over access to rivers has

Much of India'a vast river systems are nowhere near fully tapped. Some 75 per cent of unused into the sea. Elsewhere there has been an over-concentretion on big and expensive

So far, however, the most neglected aspect of Indian agriculture has been the need for a diversification of technological, scientific and manpower resources to crops other than wheat and rice.

Richard Cowper

500m Indians work on the land

WHEN THE short-lived euphoria of freedom was over and the those days it was the part of the just 1.5 per cent of its land bloodiciting that followed parti
Punjab, on the Pakistan side, area. tion was past, on the surface, at that was the granary of India least, there seemed little to and boasted the best canal both were landless and poor.

Today almost 35 years onpool, a large bank account and reputation for being one of Indla 's most outstanding

Sankar Solaba is the not-veryproud owner of a small, hilly dust-beaten plot of land; be lives in a squalid mud but and has less than two rupees to his

As a cepable end efficient farmer Jagjit could hold his own with the best small farmers in Europe and North America. while Sbankar offers a stark reminder of the depths of poverty and deprivation which the Indian countryside more than three decades after inde-

Reasons there are many: Of personality, caste and fate. of attitudes to modernisation and new methods, of poor central government (agricultural) policy and administration, of the relative strengths and weaknesses of state government, of access to capital, agricultural inputs and good land in sufficient quantity, above all of access to water, quick and easy solutions there are none.

Jagjit Singh and his Jhat Sikh parents were among the 11m or so people who were forced to sult has been that the Punjab flee their homes when India has become India's most prosperous state producing 25 per

modern bungalow Jagjit surveys lived under a banyan tree for by the Indian Government. In from outside the Punjab during the first 15 years we did the wheat and rice harvest modestly well, built a farm-seasons. Even then sometimes

Output

In the mid 1960s bowever came an American scientist by the name of Dr F. Borlog. With him he brought outstanding new bigh yielding varieties of wheat which be bad developed in Mexico, and the Green Revolution quickly transformed the life of both Jagjit Singh and the Punjab, as the go-ahead Punjab state government pushed electricity roeds and irrigation into almost every village, Ludhiana Agricultural University and bright young farmers all over the state spread the message and the seed of the new grain technology. The re-

"We didn't want to leave. In cent of the country's wheat on general election in India. The

Today India is largely self-sufficient in foodgrains and this the year most of the streams choose between Jagit Singh Irrigation system in the sub- is mainly thanks to farmers like and rivers are bone dry Hara and Shankar Solaha. Both owed their living to the soil and we lost our house, our chattels, currently contributes around 65 is described by the more continent. is mainly thanks to farmers like and rivers are bone dry and our 25-acre farm. Everything per cent of the government's except our lives."

per cent of the government's wheet pool and 45 per cent of From the veranda of his ultra- its rice pool.

With a number of tractors his 90-ecre farm, which today and 25 full-time labourers (30 dominates Kanganwal (Bridal more during barvest time) Bangle) village just five miles Jagjit says the adoption of new cutside the city of Ludbiana on technology bas created new jobs the Indian side of the Punjab. on his farm rather than Pointing to his swimming pool destroyed them. "With three or Jagjit says: "Over there we four crops instead of one, there's that much more work the first three years working the to do. You only have to see 20 acres of land granted to us the massive luftux of people house, sent my brother to we run short of labour. Over college and helped to establish there I produced 7 tonnes of we run short of labour. Over rice per hectare from one crop followed by 6.5 tonnes of wheat -you know that's double the average output of the U.S.

> Some 850 miles due south Shankar Saloba ekes out a meagre subsistence on two hectares of wind-swept hilly land, 15 miles from the fast growing city of Aurangabad in the north Maharashtra State. In his village Shankar is comparatively well-off, of the 1,000 or so members of the so-called scheduled (backward) castes who lived clustered together on the "wrong" side of the stream in Golatgaon village, more than half bave no land at all.

farmer," says Jagjit.

Shankar got his two bectares of land in 1976 ln one of the land re-distribution exercises

no irrigation.

For at least four months of is dependent on the monsoon Shankar sets just one crop of sorghum a year which last year yielded little more than a half that of the already dismaily low all-India average. A few miles away a gentlemen farmer with irrigation produces more than ten times the out-

Nevertheless for Shankar receiving two hectares of land was a godsend. "In the drought years of 1971 to 1973, we nearly starved for lack of work. But now with my own small petch I can produce enough food to feed myself end my family for more than six months and by working on other people's land for the rest of the year I can earn with my wife a total of around Rs 1.500 (less than £89 sterling). This just keeps us going."

Mr Shenkar says he has no savings, no ambitions, no dreams. His only wish is that his land was just a little flatter. The lack of a bed or a table in his hut doesn't seem to worry

This tale of two very different farmers is not a representative one. Mr Hara, of course accounts for just a tiny minority of the 500m or so Indians wbo And unlike 280m or so rura landless, Mr Shankar does at least own two hectares.

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Weather hits foodgrain targets

INDIAN AGRICULTURE is now back on course, following percentage of crop the drought-stricken outcome of 1979-80 when foodgrain production—the dominant factor VALUE OF CROP on the agricultural scene plunged to a five-year low.

The overall index of agricul-tural production in the 1981-82 crop year is expected to increase by around 3 per cent, compared to the 2.4 per cent yearly average for the past

This year's increase is well down on last year's 18 per cent growth, which was unusually hich because It followed the drought hit crop year of 1979-Overall agricultural produc-

tion, however, is not expected to be much higher than output The good news is that 1981-82 sugar and oilseeds production time records after several poor years. The bad news is that it now looks as if last minute unseasonable weather could deprive India of its 134m tonne

target, • Foodgrains: Unusually cold and wet weather just before and

SHARE IN GROSS OUTPUT

Food grains Oil seeds Source: World Bank; figures for

during the spring hervest in the northern wheat helt may push output down below last year's record of 36.4m tonnes. However, a record 54m tonne rice crop and a 43m tonne coarse grain output could sec total foodgrain production edge slightly above record food rain production of 131.9m tonnes, achieved in 1978-79. Government's 134m tonne

seems within reach. Ollseeds: Output of the mere 60,000 tonnes last year.

country's eleven major oilsecds is set to hit an all-time high of around 15m tonnes in 1981-82, up eround 15 per cent on last year's estimated 13m This should boost domestic edible oil production by around 606,000 tonnes, up around 20 per cent on last year's production of 3m tonnes. With edible oil imports constituting a major drain on the country's foreign exchange reserves this is expected to help the Government reduce imports to the lowest level for almost half a decade. Imports for 1981-1982 are expected to be around 1m tonnes down 23 per cent. • Sugarcane: Higher domestic cane prices stimulated a sizeeble increase in the area planted, and cane production

this year is expected to be at least 20 per cent up on last year's barvest of 151m tonnes. This should show through in record sugar production of around 7m tonnes, up around 36 per cent on last year's output It accounts for oround 5 per of 5.15m tonnes. Exports of cent of the total cultivated areamilled sugar in 1981-82 are and just under 10 per cent of therefore forecast at more than India's irrigated land. 500,000 tonnes compared to a

Sugarcane has traditionally accounted for around 6 per cent agricultural output, covering under 2 per cent of the cultivated area. Over 80 per cent of the sugarcane crop is now under some form of irrigation. • Cotton: The textile strike in Bombay, which has closed down 40 per cent of India's production since January, is not only baving a crippling effect on textile exports but has also pushed down domestic demand and prices for cotton.

Cotton production for 1981-82 is expected to be up slightly on last year's 7.85m bales (1.3m tonnes), but if the strike continues, domestic mill consumption of cotton for 1981-82 August-July could be down by 2m bales, or more.

In terms of gross value, cotton has traditionally been India's fourth most important agricultural crop after food-graina, oilseeds, and sngarcane.

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INDIA-IX

John Elliott, Industrial Editor, looks at the effects of the Government's latest measures to ease industrial controls

Easing of controls could herald new industrial era

THE MAJOR question now being asked throughout Indian directly affect small companies.

India's industrial policy is companies. India's industrial policy is therefore being slowly swung too measures will have on the by the present Government of the changes will also not are "dominant" in their sector based on imported technology, and are covered by India's with the proportion of imported technology, and are covered by India's components dropping from 80 to 90 per cent or more in the first year to perhaps 10-15 per cent sector companies.

Beset by a range of bureaucratic, infrastructure, and labour problems, companies have been hoping that the libaralisations would remove some of the impediments to operating in

Major companies are now, however, wondering how significant the changes announced progressively over the past two or three years really are. They know that the political mood is changing in their favour but they are not yet ready to believe that civil service bureaucrats are prepared to relax their bold on industrial controls.

Many companies are worried about the tight hold they believe the Government is maintaining on partially foreignowned and monopoly companies. They are also concerned that the department of elecironics is seriously impeding a potential major expansion of country's

industry The Government realises that changes are needed if India's growth rate is not to fall away. One senior civil servant estimates that the 8 to 9 per cent industrial growth expected this year would bave dropped to 6.5 to 7 per cent if the most recent changes bad not been made. The 1981 figure was 9.6 per cent.

Output

Broadly, companies in most industries are being allowed expansions of capacity of 331 per cent. In practice under the industrial licensing system this could enable them to add 100 per cent or more to their output within a year or so. In addition the list of 19 industries in which large and foreign-owned companies are allowed to operate has been extended to

These changes, announced last month, follow relaxation of on this is that a company the Government's import policy and other more detailed, but relaxations restrictions governing industrial

activity. They will belp large private sector companies more than public sector businesses which couple of years anyway from some relaxations of Government controls over their investment programmes and their freedom to select technical personnel.

operation of individual private more in favour of the private sector, despite India's traditional belief in socialist industrial planning and expansion of

the public sector.
Senior civil aervants atress. however, that the main concessions will only apply for the hasic industrial licensing system remains intact. In addition, public sector industries are expanding their scope.

Key question

If this view is correct, India's industrial post-independence policies have now reached the point where private sector freedoms are recognised as essential for economic growth and will somebow bave to be accom-modated alongside a public sector which has a 55 per cent share of manufacturing industry total investment.

But the question remains about the significance of the When they were annouced they were widely welcomed and Mr Pai Panan-diker, secretary general of the Federation of Indian Chambers of Commerce and Industry, says the general feeling is that the permitted expansion has been a very good thing.

Effectively there are no industrial licensing controls now except for those large companies which dominate their sectors," he says. The main concession is that

companies can increase their production by 331 per cent above their best output level in the past five years, which itself can already be 25 per cent above the company's formal licensed capacity under an earlier concession.

In addition, a further 25 per cent expansion is also allowed and an extra 331 per cent will be permitted next year. As a result, output increases approaching 100 per cent or more are possible.

The main official limitation

cannot achieve the expansion investment. It can however install "balancing equipment" to raise the output levels of less productive sections of a process to those of the bestproviding the "balancing" does not increase the plant's overall capacity by more than 25 per

companies are allowed this concession, except those which

has been relaxed significantly but it will still stop some major companies undertaking expan-

Some 74 industries, already governed by special regulations, bave also been excluded from the concessions. They range from leather goods and match production, which is reserved for small businesses, to milk foods, which are being restricted to boost basic milk consumption, and to bright steel bars where

capacity far outstrips demand. Bureaucratic controls are by no meens the only impediments to industrial progress. Power shortages are hitting almost every industrial centre in India.

Bombay is being hit for the first time by sporadic power failures while newer industrial centres like Bangalore and Poona bave grown so fast that they have 45 to 50 per cent power shortages at this time of

Many companies cover 20 to 40 per cent of this shortage by generating their own electricity, using expensive diesel generating sets. But shutdowns and layoffs are still necessary,

In Bangalore, a centre of public sector engineering and electronic businesses, it is sald that rapid industrial growth has not only caused electricity shortages and rougher labour relations: It has also ruined the reputedly mild climate by replacing grass and trees with concrete buildings and tarmac-

A new small saloon, produced dikar.
by the state-owned Maruti company with Suzuki of Japan, is intended to transform the moribund car market, while the Government is about to launch a new policy to try to instil some confidence and expansion in demoralised computer and other electronic companies.

An ambitious programme to make colour television sets is cot, growth in public sector also under way. At present manufacturing industry from India bas about 50 companies its official target this year of producing black and white sets. Last year they made 500,000.

Next month the Government expected to license the first 10 or so manufacturers of colour televisions as a first step to ultimately approving perhaps 20 assembly companies and 10 manufacturers of components. At least 15 to 20 companies have so far applied for licences, some over six years.

In engineering, the machine tool industry is buoyant, cater-ing for about 70 per cent of India's needs. It is exporting to a wide range of countries including parts of Europe and the U.S. where there is a market for older designs still made in

The Industry Ministry has estimated that the machine tool business will grow by 18 per cent in real terms between 1980 and 1985.

industry, which accounts for a third of the country's industrial production, is in the "grip of a severe recession" according to the Association of Indian Engineering Industries.

Capacity

Some companies report they are working 60 per cent below capacity and the association said last month that the credit squeeze bas led to a sharp fall in production, lower utilisation of capacity, and increased levels of stocks.

Shortage of finance is worrying the Federation of Chambers of Commerce. It wants the Government, which owns and controls the financial institutions, to relax restraint.

"The lack of finance is a very serious impediment to industrial investment which could go up immediately by 25 adam roads.

Among individual sectors of in two years, judging by the industry, electronics and cars are about to go through periods

to 35 per cent and then double in two years, judging by the number of industrial projects now submitted to financial institutions," says Mr Panan-

> The admit that there are serions financing problems but it does acknowledge that a shortage of working capital, plus the elec-tricity shortages and other infrastructure problems, are likely to restrict industrial growth.

> Such problems are likely to to 25 per cent to only 12 to 13 per cent. The private sector may 15 per cent to 9 per cent.

> These shortfalls need not be geoeral policy of liberalisation heralds a new era in which Indian industry will be able to

Industrial commodities show an uneven price trend, but agricultural commodities indicate a declining rate of price increase.

Commodity markets weakened

AFTER bectic increases during especially of groundmuts.
the previous two years, the The latest crop of all oilseeds. Iodian commodity markets hava weakened during

This was mainly due to such factors as increases in domestic income and better management of supply and demand.

According to the economic survey published with the union budget for 1982-83 the increase in the wholesale price index for all commodities (base year 1970-71) on a point-to-point hasis was only 3 per cent in 1981-82 (up to last January only) compared with 14 per cent in the corresponding period of 1981 and 19.1 per cent the year

The index covers both agricultural and industrial com-modities. While industrial commodities show an uneven price trend, agricultural commodities, especially those with substantial weighting in the wholesale price index, have shown declining rates of price increase.

reviewed below. The cereals index rose by 83 per cent against 11.3 per cent in the previous year. Pulses fell by 4.5 per cent against a rise of 50.2 per cent.

Edible oils rose only 5.4 per cent against 21.7 per cent while the oilseeds price index recorded an increase of 5.8 per cent against one of 25.3 per

The recorded the sharpest fall of 20.9 per cent on the prospect of a record output of over 7m against only 5.15m tonnes in previous year. domestic market requires 4.5m to 5m tonnes and India must either export or build up a sizeable buffer stock to maintain a reasonable degree of

As both the prospects are at ent uncertain the outlook the commodity market

t it is because of a

including groundouts, rapeseed. mustardseed, soyabeans cottonseed has exceeded 12m tonnes, a record so far. According to trade estimates, these would yield 4.5m tonnes of oil against a normal

Imports of roughly 5m tonne (almost the same as in the previous year) would be needed to bridge the gap, but the foreign exchange problem. would certainly be a constraint. But in anticipation of adequate imports, edible oil prices have continued to weaken.

Price support

The raw jute crop during the 1981-82 jute year (July to June) was again a bumper one or over bales (one bale equals for the third year 176 kg) running.

With a carry-over of nearly 3m bales these equalled supplies much in excess of domestic demand. With the inte mills incurring heavy losses because of a weak overseas offtake their direct purchases were mostly hand-to-mouth so fibre prcies were depressed.

But with price-support purchases by the Jute Corporation of India, totalling more than 1m bales, helped to maintain the market in some shape even though fibre prices often fell below the officially prescribed minima in up country as well as Calcutta markets.

In the second half of the fute year raw jute prices improved over the earlier levels mainly because of the Government's jute goods purchase policy which linked official orders for sacking to mills with definite quantities of fibre purchases. Preliminary estimates of a smaller crop during the current jute year have also helped to tone up the fibre market.

The cotton crop for the current year (August-Septemodlseeds price index ber) is placed at 8.5m bales against 7.5m bales during the previous year. A drive to increase production over the past India is no longer able to face

not only to attain self-sufficiecy but to export cotton in steadily rising quantities.

Exports during the past ya are estimated to be 600,000 bales. But during the current year the country may need to export more to arrest the declina in domestic raw cotton prices because of a lower demand resulting from pro-longed strikes in the Bombay mills constituting a substantial proportion of the total cloth

As the third largest producer tobacco in the world India is also a major exporter of Virginia flue-cured tobacco, Her total output during the past is placed at over 850m kg, of which she exported about 100m kg, mostly of the finecured variety.

Tobacco prices, fixed at auctions both for bome consumption and exports, were more or less steady. As both domestic and export demand are expected to increase, the plan is to raise output to 425m kg, about 25 per cent of which will be of the exportable varieties.

The rubber market throughout 1981 the impetus coming from a lower 130,000 tonnes, including some 30,000 of synthetic. India has never been self-sufficient in rubber, although output has been steadily increasing.

Varieties of tree with high production potential are being increasingly imported from Malaysia to strengthen the production drive.

India plans to produce at least 200,000 tonnes by 1984-85, but even then there will be a gao of at least 40,000 tonnes between supply and demand. The country currently imports 40-50,000 tonnes of natural and synthetic rubber e year.

The scope for expanding synthetic rubber output is at present limited because of an inadequate raw materials hase.

Out of a total output of more than 4,000 tonnes the country exported last year

But since the net value of exports has been falling the plan now is to popularise domestic consumption as cushion against serious export fluctuations in future.

Tea, a major export earner, bad a fairly bad year, financially at least. Auction prices throughout 1981 were generally below production costs. This has created a serious cash flow problem, which is compounded by a tight credit policy. Exports reached an all-time record of 245m kg, but there was no worthwhile improvement in the unit value of exports.

Clouded

The outlook for the current year's crop prospects remains clouded by unfavourable weather in both the north and the south and some sbortage is predicted. According to trade estimates the crop may at best reach last year's level 550 kg, which was down by 25m kg on the 1979 crop.

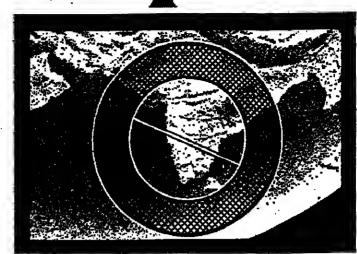
Although India is not a major producer of coffee, she exported a record 86,045 tonnes out of 145,000 tonnes sheproduced last year. The plan to produce 165,000 tonnes of coffee by 1984-85 remains unaffected.

In the primary metals markets, the prices of copper, zinc and lead, in which Indla has yet to attain self-sufficiency, and of tin and nickel of which she produces nothing, increased during the year at a lower rate than in the previous yearmore or less in line with world trends.

If the prices of the commodities under review cootinue to fall this year inflationary pressures, which are still strong in India, will bave been effectively brought under control.

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New Parliamentary report is 'a damning indictment' of the operations by nationalised industries

Public sector lacks sense of direction

consent, is also very inefficient. It covers financial institutions, basic heavy industries, basic resources and other areas of manuafeturing in a total of 200 Originally conceived in the

1950s by the former Prima profit for 1981-82. Minister, Mr Nehru, to work for the "social good" and to keep the private sector in check, the industries have now expanded into so many potentially profitable ancillary areas that they lack a general sense of

has failed to produce clear ment's committee on public policy guidelines although it undertakings. Echoing sentidoes publish an impressive ments often heard in survey of all tha ies, Together the industries, Together the industries employ a total of 25m industries employ a total of 25m "urgent need to improve the people—2m in manufacturing management and ensure that which had total conited invocations. which had total capital investment of £12bn (Rs 21,126 and external work well." crores) last year.

more than a quarter of the overall objectives and obligaindustries were operating less tions on economic, financial and

industries such as steel, coal and oil to help turn a £107m (Rs 182 crores) net loss in manuafeturing in a total of 200 (RS 182 crores) net loss in violisty at Britain's system of national corporations and a 1980-81 for the main 169 consultative consumer councils further large number of community industries (excluding banking for the industries and recompanies run by individual states. and insurance) into f237m mended that similar organisa-(Rs 403 crores) provisional net

> Major loss-makers include some fertiliser plants and some old heavy engineering "sick" industries taken over by the and have more secure contracts Government in the 1970s. A damning indictment of the

operation and monitoring of the industries is contained in a re-The Ministry of Finance's port, published earlier this Bureau of Public Enterprises month by the Indian Parling countries, especially the UK, the The report called for the

Capacity utilisation is poor industries to be given clearer

thanks to a relaxation of price year economic plans and subsi-mentation." controls that has enabled key diary targets did not give enough guidance.

viously at Britain's system of consultative consumer councils tions should be set up in India.

Finally, ministers should interfere less in management matters. Senior executives and chairmen should be paid more of employment.

Delays

Against the background of the industries general shortfalls in production, persistent losses and increase in capital expenditure, the committee criticised project management. It committee said there was an said that of 49 major projects examined, each costing over about, £10m between 1974 and the control systems—internal 1979, eight were delayed for and external—work well."

The report called for the cases cost escalation exceeded

The Planning Commission— one of five or six agencies dealthan 50 per cent below capacity social matters. Clearer financial ing with investment and project about senior executives, par- political appointments, particu-

inadequate cies; and inadequate attention responsible for far greater to planning. innovation and technological to planning

the industries have an employ- in the private sector. ment-creation role which often ference in : management issues - is siting of a factory) also blunts servants need to include in-managerial enthusiasm and because they are so hadly paid. confidence. "Overall,

the Standing Conference of Public Enterprises, which repressively a year (Ra223,000), compared sents the industries. "But it is with £5,000 (Ra84,000) in the the managers themselves who public sector (including banks), are to be blamed entirely for Central Government was lower their servility and subservience. still at £4,000 (Rs67,000).

They are exercising their own. There have also been take the authority themselves."

could earn two or three times wield considerable power. These were caused by a tack as much in the private sector. of information, poor construct but insist (particularly if they work in high technology indusinfrastructure (particularly tries) that their job satisfaction power), management dedicien is greater because they are

Part of the problem is that advance than would be possible There is also some discernible blunts any interest in increasing pride in India about working in efficiency. Ministerial inter the public sector, although this (often to find a friend or relation a job or to influence the which, say the critics, public

A recent official survey Government showed that the total renumerakeeps in control and the chair- tion (including basic salaries men ahow abject servility," says and all extras) of the most Mr Waris Kidwai, the secretary senior executives in the private sector pre-tax was about £13,000

There have also been prob self-interest and usually do not lems about finding suitable candidates for top jobs and There are many complaints some resentment about recent

THE PUBLIC SECTOR of in 1980-81). But profitability of and other targets were needed approvals—admitted to the commerce the central Government-owned to enable performance to he industry and commerce the central Government-owned to enable performance to he industries has improved, largely assessed. The country's five terms of planning and imple underpaid. Some say that they legal responsibilities but can

In the 1960s and 1970s there was a 200-strong cadre of senior executives, called the Indian Management Pool, which were supposed to fill top managesupport both nationally and elsewhere — Karnataka state is

The question now is whether the relative importance and role of publicly-owned industries will change at a time when the Government's relaxed industrial policies are favouring rapid private sector expansion. For the time being. India is so short of hasic goods that the public sector will not feel challenged.

Nevertheless, for the first time since India became independent, the public sector will have to live alongside a

John Elliott

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HOW GOVERNMENT MOVES HAVE HELPED BAJAJ AUTO

Benefits of easier controls

BAJAJ AUTO of Poona is one company which appears to have gained already from the build Vespa-designed scooters, tions department. We have relaxation of industrial controls and the three-wheelers, under never needed to learn how to promised by the Government.

A highly successful and profitable manufacturer of motor scooters and three-wheel vehicles called "autorikshas" it his been given hasic permission that the second sion to boost its scooter ontput from 200,000 vehicles to 300,000 a year. That permission was gained in

less than five months compared with delays of two to three years when it out forward earlier expansion plans.

"The attitude of the Government has changed considerably Bajaj Auto's expansion has and it has become more pragben curtailed by the Governmatic," says Mr Jayant H. Shah, ment's industrial licensing the Bajaj executive director. "The policy is now to let major industries expand in a general

Bajaj Auto was founded in 1960 by Mr Kamalnayan Bajaj to The company is now run by his

son, Mr Rahul Bajaj, With 7,000 employees and sales of £64m (Rs 1.096bn) in 1980-81, it made pre-tax profits of £9.2m (Rs 156m). It is part of a broader Bajaj group which has 22,500 employees and is the 14th largest Indian industrial house in terms of sales.

Big orders

system because it comes under the country's monopolies and trade practices legislation, having assets of over £11.7m (Rs 200m). As a result, it has a scooter order book stretching 10 to 12 years

When It launched a 50 cc kick-start moped recently, the company booked just over 1m orders in 15 days. At present, it is producing 30,000 of these bikes a year and plans to expand to 100,000—still too little to satisfy the potential customers quickly.

Population

Rural

15-59 60 and above

abour force

*Relates to 1995

Age structure of population (%)

..... Female

Age distribution of labour force

POPULATION AND LABOUR FORCE

PROJECTIONS

(Figures in millions)

191.3

These projections are taken from the Sixth Five-Year Plan, 1980-85

"We don't have a sales licence from Piaggio of Italy. sell our products after our first year," says Mr Shah.

These high order books graphically illustrate the vast unsatisfied demand in India for some form of cheap personal motorised travel—the moped costs £380 (Rs 6,500) and the scooter £480 (Rs 8,150), compared with £4,235 (Rs 72,000) for old Flat and Morris Oxfordbased models which are the only generally available cars.

In 1960, Bajaj Anto started making 12,000 scooters a year and has gradually expanded this to the present 200,000 at its factory in Pune. (Next door is a company called Bajaj Tempo which broke away in the 1960s and now produces light vans.)

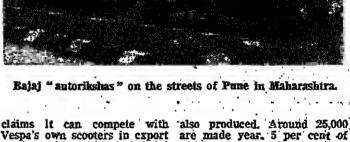
Its next expansion to 300,000, which has to clear a few final approvals, will take place at a new factory. This must, by Government decree, be located in a poor rural area—dubbed a "centrally noted backward area "—200 miles from Poona.

To begin with, the scooter was imported in CKD form from Italy but by 1970-71, when the Vespa design licence ran out, the production was entirely Indian. Now the company

338.9 242.4

19.7

16.9



Bajaj "autorikshas" on the streets of Pune in Maharashira

markets although it has faced countries.

production goes in exports. Bajaj is also developing a despite the long order books at more sophisticated three-wheeler home, to more than 15 countries with doors, but has delayed such as Indonesia (its biggest production till 1984-85 after market). Bangladesh, Taiwan, producing some prototypes of a lia, the U.S. and Germany. And ment, it hopes to tackle Vespa on its The home ground in Italy as well.

On paper, Bajaj makes a 10 per cent loss overall on these exports, mainly because they involve low-volume production runs. But the hencfits outweigh the losses, especially when tax allowances are taken into

The three-wheeler door-less autoriksha was developed in 1960 from Piaggio's three-wheeler chassis into a minitaxi. It is now seen in the second control of taxi. It is now seen in most Indian cities where it infuriates other drivers, nipping in and out of traffic jams and adding conventional taxis.

Pick-up vans. delivery vans and tractor-trailer versions are

which are exported. At present, some legal battles in other the engine is in the middle of the chassis but a rear engined version is being developed.

The intention is to sell this

made a definite decision not to tackle the four-wheel car market.

In a long-running battle over management attempts to hink wage rises to improved productivity, it had strikes lasting six weeks in 1978, 19 weeks in 1979 and two months last year. 1979, violence led to windows being broken in Mr Bajaj's But Bajaj is also setting up office, acid drums being spitt, export bases which, says Mr the reception area being

hit by suppliers' strikes which quality and designs against have cut its production from international standards," he 60,000 scooters to 55,000 in the 60,000 scooters to 55,000 in the past five mouths. But Mr Shah insists the labour relations are

major scooter and three wheeler manufacturer. It is also the second largest in the world to the confusion and noise, been able to generate enough while providing cheaper, if output to establish itself as a major manufacturer in world

Like many Indian companies,

Bajal exports partly to fall in line with Government policy. In return, companies are allowed more imports of key plant and materials (such as steel) and will also be dealt with more kindly by hureaucrats on issues such as industrial licensing.

Shah, it hopes to exploit more intensively and commercially in future years. "We also want to test our

says. "Otherwise, with a 10 year waiting list, we could

vehicle for about £1,290 (Rs 22,000) compared with £1,000 (Rs 17,200) for the autoriksha. But Bajaj has

Even a successful company

like Bajaj cannot escape India's crippling labour relations.

wrecked, and police being attacked.

The company has also been

Government sets ambitious targets for growth

Challenge for small businesses

AMBITIOUS TARGETS have 400,000 husinesses which regis machinery assets not exceeding been set by the Government for the with the Government's about £12,000 (Rs 2 lakhs). The promotion of small husinesses. This is despite disappointing results three years ago when the Janata administration placed too much emphasis on them in its industrial policy and despite a continuing problem of business failures.

The present Government wants production in what India calls its small scale sector to rise hy about 75 per cent during the five years covered by the current economic plan from fil.2hn (Rs9060 crores) in 1979-80 to £19.3hn (Rs32873 crores) in 1984-85. The growth in the preceding five years averaged 9.5 per cent annually.

Employment is targetted to rise from 6.7m people to 8.9m and exports by about 80 per cent on top of a 1979-80 figure of £617m (Rs1050 crores).

These figures do not tell the whole story because they are

Organisation.

The organisation estimates that about half the small businesses in India do not register which means that there may be approaching im small businesses in the country.

India talks in terms of small scale industries, rather than individual small businesses, which cover manufacturing and repair industries with husinesses having investments in plant and machinery of up to about £120,000 (Rs 20 lakbs). There is a subsidiary defini-

tion of ancillary industries covering sub-contractors and components suppliers, with up to £140,000 (Rs 25 lakhs) of

These groups include village and craft industries, but there is also a smaller size called thy

The promotion of small husi-

nesses has been regarded as important in India for more than 30 years because they create employment more cheaply than larger companies and because they can be more easily used to industrialise rural areas.

Large companies have policies of using them as much as possible and the Government actively tries to develop them as part of an integrated indus-trial economy. In this way they are widely used both as suppllers of components and as assemblers of sometimes fairly technical products.

In electronics, the small scale sector grew by 20 per cent in 1980-81. It produced based only on information from village crafts with plant and control instruments and medi-

machinery assets not exceeding cal electronic equipment made about £12,000 (Rs 2 lakhs).

At the other end of the scale small businesses make hand-loom materials, handicrafts, helped by the Small Industries and other traditional goods.

The small businesses are Development Organisation. which, along with other agencies and the state-owned financial institutions, runs various financial and managerial

Both the Government and the financial Institutions are trying to find ways to help what India calls its sick busi-nesses. The Reserve Bank estimated that at the end of December 1979 about 20,800 small scale units were "sick" marketing problems or, most important of all, external reasons such as shortages of power and raw materials, or high rates of interest on loans.

J. E.

ment positions. These people were not easily accepted in the industries and the idea was abandoned. But it still has some considering setting up a cadre of senior people to run its state-owned industries.

politically - favoured private sector. That could cause some

FOCUS ON HMT

Poised for further expansion "THE BUREAU of Public

Enterprises once told me the colour to paint the company cars. I refused and got on with running the business," says Mr T. V. Mansukhani, managing director of HMT, the profitable public sector engineering company of Bangalore.

Mr Mansukhard started with the company, previously called Hindustan Machine Tool, when it was first set up in 1953 by the Govern ment to boost India's machine

tool production. He became the first to but managing director of HMT last August and is an independently minded top executive and is generally recognised as one of the most successful in public indus-

*All industries have constraints. My policy is that ***

I don't mind being in the Electronics dock for acts of commission, themed by but I do mind it for acts when dev

of ommission. The get twice as industry. much salary in the private advances sector, but here I have more 'a department freedom. Private entre- 1 change ; preneurs are more con- ler policy strained. I have more free- and by a dom to develop a new product and server than, say, Kirloskars (a large likely to lar private aector engineering a strategy w

company). "With Government finance behind me, I can take a same time longer term view and need is the internot worry about immediate

Betweeu 1978 and 1981, Mr Mansukhani was seconded to head Bharat Heavy Plates and Vessels, a public sector heavy process plant concern fhat was losing money. He is proud of the freedom he had to turn it round by diversify-ing and establishing joint ventures.

The diversification policies

of HMT have caused some controversy. After develop-ing its initial business till it was producing 2,000 machine tools a year, it was instructed in 1961 to produce 300.000 mechanical watches a year by Mr Nehru, then the Prime Minister, who believed Indians needed to become more time-conscious,

But the recession of the
mid-1960s led the company

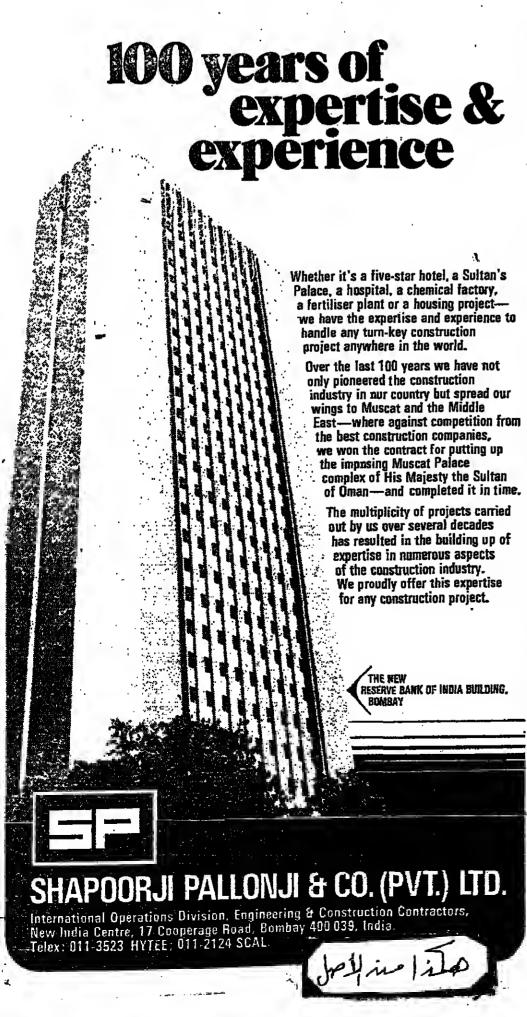
into more diversifications. which it chose itself, in order to insure against the cyclical machine tool industry. The watch business has been expanded to 2m unils a year and despite objections from some quarters, it started last year producing quartz ana-logue watches and will soon be making quartz digital

Its other products include lighting fittings, agricultural tractors, ball bearings, and dairy machinery. Now the company says it is "poised for a big leap forward" by doubling its production to over Rs 500 erores (approxi-

mately £290m) by 1985.

Machine tool entput is planned to rise by 76 per cent from just under Rs 100 crores (£58m) 10 Rs 170 crores (£100m) in 1985 and watch production is budgeted to rise by 70 per cent to Rs 160

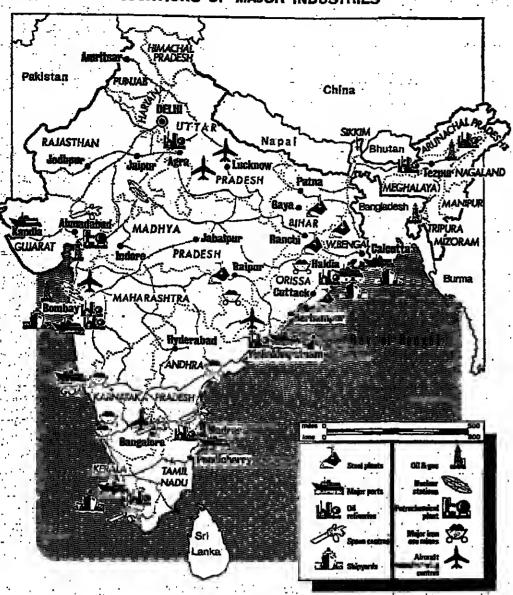
erores (£94m).
Provisional figures for 1981-82 show that HMT. which has 27,000 employees, achieved o net profit of Rs 35 crores (£20m) compared with Rs 20 crores (£11.7m) in 1980-81. Sales rose 40 per cent and return on capit employed increased from per cent to 27 per cent.



INDUSTRY

INDIA-XI

LOCATIONS OF MAJOR INDUSTRIES



INDIA'S TOP 10 COMPANIES IN THE PRIVATE SECTOR

Tata Iron and Steel Tata Engineering and Locomotive . 4,004,3 Scindia Steam Navigation 2,232.7 Great Eastern Shipping ... Delhi Cloth and General Mills 1,588.I 4 Associated Cement 2,017.0 5 Gwalior Rayon Manufacturing 1,720.6 Reliance Textile Industries 1,533.3 10 Calcutta Electric Supply Source: Business Standard, figures for 1980.

Considerable potential for electronics

WHEN THE Reserve Bank of India decided to buy a new computer it chosa a U.S. "designed Burroughs machine, with ICL of Britain and Sperry by the Government to buy in 1974 to boost the industry.

American equipment from These are not figures on

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That purchase decision was made undaterally by the Department of Electronics which is generally blamed by industrialists for regulating developments and restricting growth in India's electronics industry, instead of

encouraging advances.

Now the department may ba forced to change its stance uoder a new policy which is being prepared by a team of five top civil servants. The policy is likely to lay down a clear cut strategy which en-courages growth and curbs the Department's interference.

-"At the same time, a rapid growth in the international activities of Indian software houses, which write computer programmes, has helped to underline the considerable potential for electronics in tha

"Get rid of the bureaucracy and India could bacome a force and a threat to be reckoned with interustionally in electronics applications," says a senior European computer executive.

COURTEV.

The problem stems from India's 30-year-old determination to be self-sufficient, economically and industrially. The import barriers which in the past have enabled tradi-tional industries to be deve-loped, have bad the reverse effect in the electronics industry. They have blocked the easy and continuous flow of technology, finance and products which are essential in such a rapidly developing busi-

While political attention has been focused on high technology industries of special importance like defence, space and nuclear power—and, most recently, telecommunications - otber parts of electronics have become India's most underdeveloped industry. The country has not even started in the race to supply electronics more commercially, while neighbouring countries like Singapore, Hong Kong, Taiwan and South Korea have won valuable prizes.

There is, of course, no massive home market in India for sophisticated consumer and entertainment electronic products. The annual report of the Electronics Department for 1981 shows that as much as 76 per cent of the £144m (Rs 2,460m) fotal production of consumer electronics during the year was nnsophisticated radios and black and white televisions.

The total production electronics equipment and components during the year was tronics of Bangalore, which is £504m (Rs 8,560m) including, a profitable 30-year-old business in addition to consumer goods, with a 270m turnover, 80 per £111m (Rs 1,885m) for com- cent of which is radar and puter control and instrumenta- wireless and other equipment tion; £102m (Rs 1,730m) for for the Government. electronic components; £90m Then there are newer corp-

et un in R

These are not figures on hich major international which industries are built, but they could be much larger because there is a bome demand that is not being met in the field of communications and industrial electronics.

the railways or the functionof the banks - needs modernisation.

Frustration

"No one in India seems interested in the notion of opportunity costs, that is the cost of not generating power efficiently, or not running railways on time, or letting other parts of the infrastructure foul up," says one frustrated computer executive.

Another side to the problem is that Indian companies spend little in research and development on their own products, traditionally relied beavily on foreign licences.

The Lainstry Ministry estimates that overall as little as 0.2 to 0.4 per cent of company turnover is spent on research and that is dominated by a few major private sector businesses like the Tata group and Hindustan Lever, plus high technology public sector com-

India'a foreign ownership rules, combined with tight import restrictions, high import costa (duties range up to well over 100 per cent), and a sluggish bome market, have scared multi-national electronics companies away. The consequential lack of activity in the country has compounded the problem. The Department of Electronics' refusal to let customers choose what to buy (illustrated by the Reserva Bank story) has further slowed down flows of orders in an industry where technology often has a short

"Our policy of self-reliance, coupled with the prohibitively high-for us-price of technology licences, has meant we hava continually had to invent the wheel ourselves," says a senior computer executive. "An open-door policy on licence and

investors would change things." India's international image was also hit by IBM leaving the country to 1977-78 after rows over foreign ownership regula-tions, amid allegations that it had been dumping old technology on India and charging excessively high prices.

There are of course, Government-owned electronics companies such as Bharat Elec-

(Rs 1.540m) for communica- orations being aat up

tions and broadcasting equip- individual states. Maharashtra ment; £40m (Rs 690m) for State for example has created aerospace and defence electronic equipment; and a tiny experimenting in joint public-output of £15m (Rs 255m) from private financing ventures, Univac (U.S.) as second and SEEPZ, the customs-free elec- makes semi conductors, private recorders. It has applied for a Government licence to make 75,000 Thorn-EMI colour television sets in the next five years,

Private sector companies tend to be small. ICIM of Poona, which is 40 per cent owned by ICL of the UK, has only 460 manufacturing employees and For example commerce and has turned out 100 of ICL's industry—ranging from power 2904 systems in the past five generation to the running of years. Yet, with Electronic Corporation of India, it is said by the Electronics Department to be the major producer of mini- and midi-computer systems in the country. (It will shortly be producing a version of ICL's System 25 mini-computer.)

Another partially foreignowned company, Tata Burroughs, manufacturers a dot-matrix printer in SEEPZ which Burroughs used to make in Scotland and, briefly, in Brazil. Costs are said to be a third of those in Scotland but the product, made for export only, is running at only half its 25,000unit annual capacity and its future is now in doubt.

The view is growing that India should not try to go into the business of computer peripherals mass production, nor should it attempt to move into large-scale production and pack-aging of micro chips which require massive financial invast-ment and easy trading arrange-ments. But it should be moving into the applications market which could fit in the Government's wish to give preference to small and medium sized

Its software writing is expanding rapidly. Tata Burroughs of Bomhay, for example, has been expanding its software business at 80 per cent a year since it was set up in 1976. In 1981, its turnover was £2.6m (Rs 45m).

Systime, a subsidiary of a UK computer business located in SEEPZ, finds it can undercut UK software prices by some 30 per cent when cheaper Indian salaries, but increased communication costs, are both taken into account:

While a country like Britain short of some 20,000 to 30,000 computer experts, India has a surplus of well-educated, mathematically astute graduates. "You can advertise for 10 people and take your pick from 1,000 graduates, 700 of whom are engineers." says Mr Ramesh R. Verma, head of Systime in India.

experts agree Indians are specially suited to software work although the lack of sopnisticated hardware in India means that most emplayees are only capable of programmes, not designing packages. The ambition of some companies there are a total of 20 in the field at present—is to develop more local expertise.

John Elliott

CAR MARKET

Period of major change

INDIA'S DOMESTIC car market is about to enter its first period of major change for approaching 30 years. No totally new models have been introduced aince the 1950s, when the British-designed Morris Oxford and tha Italian Fiat 1100 were launched, along with versions of Britain's Triumph Herald.

Now Suzuki of Japan is linking up with Maruti Udyog, the state-owned car company founded in the mid-1970s by Mr Sanjay Gandhi, the late son of the Prime Minister of India, to produce an 800 cc four-door car.

Subject to final negotiations, a formal agreement-signing ceremony is scheduled for the end of next month. Maruti then bopes to start producing Suzuki cars with pick-up truck and mini-van derivatives by the end of next year, building up rapidly to a production rate of 100,000 vehicles a year to be followed later by 150,000.

Although small by interna-tional standards, this rate of production will transform the private car market in India which bas become moribund in a vicious circle. The old designs bave demotivated potential customers and have there fore restricted demand and output, so making it uneconomic for new designs to be developed.

Successive plans, through the 1960s and 1970s, to produce a small "people's car" foundered through lack of interest and

Rapidly rising oil prices in the 1970s gave the quest for a new car some urgency, but it was not until 1980-81 that the Government and the newly-nationlised Maruti seriously started ooking for the foreign partner. Maruti and the Indian Gov ernment turned to Japan last autumn when they could not find the car they wanted in Europe. Their aim was an engine of under 1,000 cc, a fonr-seater family car with four wheels and four doors.

They wanted good fuel economy, which meant they rejected older designs that might bave been available cheaply (the BL Ital, for example). They also wanted one engine and a basic product to be easily adaptable into a pick-up truck, mini-van or micro bus.

- Criticism

There is some doubt in India absorb the full 100,000 to I50,000 production, in addition to the 50,000 or so other cars that will be produced. This riticism appears to bave been met by Maruti, adapting its plans last year, so that 60 per cent of the production will be the small commercial vehicles with only 40 per cent being

The Japanese easily under-cut the Europeans on price. Suzuki won by being the lowest and also by being willing to take the largest equity stake— 25 per cent with an option of

up to 40 per cent.

The project is likely to cost in excess of £117m (Rs 2bn) and is to be accommodated in and is to be accommodated in an 80,000 sq m factory already built for Maruti on a 3,000-acre sita outside Delhi.

To begin with, 65 to 75 per cent of the vehicle will be imported from Japan, reducing to 10 per cent in five years, according to Maruti's plans.

Other parts of the motor

Other parts of the motor industry are also feeling the pressure of Japan's invasion of world markets. Suzuki may soon start making inroads into Indian moped market and Toyota two to 3.5 ton commercial vehicles are to be made in the Indian private sector by DCM (Delhi Cloth and General Mills) under a pact signed last month. Nissan is also negotiating with Allwyn Metal Works, publicly owned by the state of Andhra Pradesh, for the pro-duction of 1.5 to 3 tonnes

Meanwhile, there are three other private sector develop-ments in the domestic car busi-First, a small company called Sunrise Auto Industries, which has produced fibreglass three-wheelers in Bangalore for the past seven years, is about to launch a new model under licence from Reliant Motors of the UK

This is a four-door fibreglass, conventional-looking modern saloon called the Dolphin. It is based on the Reliant Kitten. launched on the UK car market in the mid-1970s. Production starts this month and the company says it already has orders booked for the 6,000 or so cars it can produce till June 1984.

Premier Automobiles of Bombay are spending £58m (Rs1bn) modernising its main factory and developing another plant to switch gradually from its 28year-old Fiat 1100 design to the Spanish Seat 124 (based on the Hindustan Motors of Calcutta

is carrying out a similar exercise, buying a redundant design from Vauxhall Motors in the UK to updata its Ambassador, which is based on the Morris Oxford. But neither Premier nor Hindustan will have totally new cars, merely facelifts, possibly with some engine modifications, so they will not have the fuel economies and other modern styles of the Suzuki.

Trade union activity in India is governed by a combination of opportunism, inter-union rivalry and genuine, widespread discontent. The number of man days lost, through strikes and lock-outs, makes alarming reading.

'Crisis' in industrial relations

Samant are two very different men with one thing in common The former is frail, articulate and a life-long Communist, the only Indian to bave been

awarded the Order of Lenin. He sits in his book-lined flat in the heart of Bombay's textile district, surrounded by pictures of Marx and Lenin, coming to terms with the decline of his influence as the founding father of radical trade unionism in

His union, the pro-Moscow All-India Trade Union Conress (AITUC) seems demoraland confused, like the Communist movement itself-in Mr Dange's own words, "at a

Dr Samant, on the other hand, is the rising star on the borizon of India's industrial relations

brooding with no Large. discernible intellectual interest in politics, be is widely seen as posing the biggest threat in years to the state of Maharishtra and its capital Bombay. between them tha power-bouse of India's industry and com-

What the two men have in common is that, a decade apart, they bave led the two longest strikes in India's textile industry, the country's biggest export earner and largest employer outside the Governnent sector.

The Dange-led strike, just over ten years ago lasted three

Dr Samant's passed that mark at the end of last month and now looks set to become the most damaging strike ever in the key industrial sector, adding yet another notch to his gun.

It has also sbaken India's biggest trade union—the Indian National Trade Union Congress (INTUC)—to the core, posing a fundamental challenge to its authority. The INTUC was (and still is.

officially) the recognised representative of Bombay's 250,000 Demoralised and disaffected,

they responded, almost over-night, to a strike call from Dr Samant in January, ignoring all

return to the fold.

What makes Dr Samant's challenge even more potent is that the INTUC is closely tied to and supports the ruling Congress (I) party of Prime Minister, Indira Gandhi.

All of India's ten central trade union organisations are, to a greater or lesser degree, com mitted to political parties.

Mr Dange's AITUC is effectively the industrial arm of the pro-Moscow Communist Party of India (CPI).

The centre of Indian Trade Unions (CITU) is its counter-part with the Communist Party of India Marxist (CPI-M), which broke away following the Sino-Soviet split in the early 60s and has since emerged as the domi-nant force on the extreme left of the Indian political spectrum.

Most other major political parties have their tame unions They, in turn, have over 20,000 plant unions affiliated to tham. A small number of companies among them foreign-owned ones, bave managed to en-

courage genuinely independent plant unions—there are no craft unions in India-but even these are often susceptible to blandishment of "political blandishment of

Weapon

In the past few years, especially this complicated and frequently overlapping network of trade unions, has found itself being increasingly used as a weapon by its political affiliates or, as in the case of Dr Samant, as a convenience. The most spectacular example was Dr George Fernadez, formerly Minister of Industry in the Janata Government between 1977-80 wbo led the nationwide railway strike in

tha rise of Dr Samant, which may or may not prove temporary, are vivid illustrations of the ebbs and flows of Indian trade unionism. These are trade unionism. governed not only by economic and political considerations but also-and this is increasingly so -by regional and communal influences which followed the

The decline of Mr Dange and

MR S. A. DANGE and Dr Data appeals from the INTUC to gradual disintegration of the able nationalist consensus — bebind the Congress Party sinca independence in 1947.

The rise of Dr Samant bas prompted warnings in the words of one captain of industry, that India is caught in "a crisis of deteriorating industrial rela-

Although there has been an improvement since 1980 the figures make alarming reading. The number of man-days lost in 1981, due to strikes or lockouts, nearly 26m, against 21.93m the previous year and 43.85m in

In Maharashtra alone, industrial units closed in 1981, the state accounted for over 10m man-days lost that year or nesrly 40 per cent of the country's total.

This year's figures will be swollen by the textile strike. As many as 15 mills may have to

Industrialists, the Government and moderate trade unionists also point to the violence which seems to accompany strikes. This has been a traditional feature of the labour scene. but now prolonged strikes are frequently accompanied

rioting or intimidation. The authorities, in turn, are as firm as they dare be in deal-ing with this violence. Very occasionally there are brutalities as in the case of a small sit-in at a factory in Uttar Pradesb. where between two and 35 workers were killed after police intervened to break the protest depending whose version is correct.

This kind of over-reaction appears to be the exception rather than the rule.

The Government bas wideranging powers to deal with labour unrest firstly under the National Security Act and, secondly, under the Essential Services Maintenance Act which allows it to declare any industry an "essential one" prohibiting strikes. In Bombay, the state's Indus-

trial Relations Act officially governs the recognition of official unions but, as the Samont

While being a vocal and often disruptive force which tends to go in for long strikes of anything from three to 12 months in herculean trials of strength with employers, India's indus-

trial worker is a tiny propor-tion of the total workforce. Out of a total workforce.
Out of a total population of around 690m the working population is 260m. The total employed on the organised or industrial and commercial sectors of the economy is barely 22m. Of these, 15.6m are in the public sector and around 7m in the private sector. The unions operate almost exclusively in the islanda of

affloence. Disruption

Most disruption is inevitably concentrated in the industrial heartlands of India—Maharasbtra. West Bengal and Gujarat. This is partly because of the concentration of industry but also because trade unions are locally run and focus their activities on the interests of their immediate members at plant, or

at best, local industry level. One of the consequences of this is that the industrial worker is now in a new and privileged class when seen against the mass privation of a country where perhaps half the population lives below the poverty line.

The daily wage of an un-skilled worker in Bombay may be as bigh as Rs S5 a day (\$6.8) while his counterpart in Tamil Nadu may receive one rupee.

As Dr Samant's opportunism demonstrates, trade union activity is governed by a comunion bination of opportunism, interunion rivalry and genuine and widespread discontent.

There are currently estimated to be anything up to 40m unemployed or underemployed workers ln India. If the population continues to

grow at the present rate 10m new jobs may be needed within six years. The budget economic survey claims 600,000 jobs were created last year.

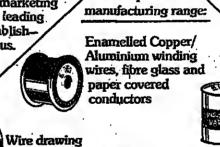
Alain Cass

Peugeot, Koyo-Seiko, Furukawa Electric, Nachi Fuji-Koshi and many other International reputed companies find us a growing group in the precision engineering field. How about you? to make needle roller bearings.

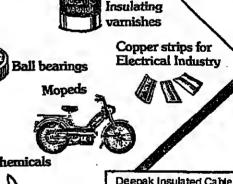
Knowing us-our involvement in precision engineering and chemical industries, our growth record, our financial background, marketing network and technical expertise—leading international companies have established collaboration agreements with us. Cycles Peugeot of France collaborate with us to produce

Our present mopeds.Koyo-Seiko of Japan have joined hands with us

Diamond Dies









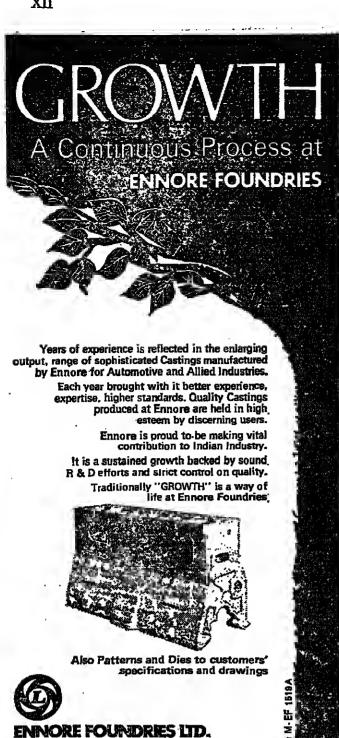
Needle roller

Deepak Insulated Cable Corporation Ltd. Diamond Dies Manufacturing Corporation Ltd. Jay Needle Baarings Corporation Karnataka Chemical Industries Corporation Pvt. Ltd. South India Electrical Corporation Bangalore Metal Products Karnataka Ball Bearings Corporation Ltd Chamundi Mopeds Ltd.

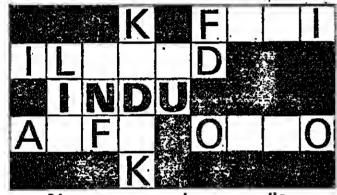
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and taper roller bearings. Many other





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STANDARD MOTOR PRODUCTS OF INDIA LITD

YINDIA-XII

A relaxation of stringent import and export regulations points to a change of emphasis, says Richard Cowper.

Better climate for foreign investment

decade of declining (or, at best, investors. stagnating) foreign investment levels, there are now signs that foreign companies with money taking a to spend are taking a fresh look approach.

Though many remain hesitant, a growing number have been encouraged by what they see as New. Delhi's more pragmatic approach to the management of the Indian conomy and its less hostile attitude to potential overseas investors.

prospect is for a slow but steady increase in foreign equity in- to do the same. vestment, though few expect As D. R. Pendse, a senior there to be a dramatic jump. However noble the intentions of maze of bureaucraoc controls, which have for long dogged domestic and foreign investor alike, will continue to dampen enthusiasm of potential new foreign investors

In the immediate future, by far the largest increase is likely to come from foreign companies already operating in India.

Most foreign companies with subsidiaries in India are agreed that the last couple of years has seen an encouraging and important sbift in the policies of India's economic planners.

As some see it, a fortunate conjunction of economic necessity (sluggish industrial growth and balance of payments prob-lems, largely due to bigh oil imports) coupled with a groweconomy has been stifled by too many controls and an essen-tially inward-looking philosopby has jolted India into taking a series of measures aimed at what is loosely described as "liberalising" the economy.

The decision to borrow sizeable amounts on the world capital market for the first time last year (\$1,85bn in 1981-82), the recent move to allow large domestic and foreign companies to expand into new areas of business and a relaxation of the country's stringent import and export regulations are telling examples of the Government's change of emphasis ln key policy areas.

planned control and self-suffi- enforcing Fera rules. ciency bave been the economic watchwords, the recent shift in policies—however modest—has taken on a special significance

U.S. investment in India

(U.S.\$m)

STANDARD-20

It's a Van, It's a Micro Bus,

It's a Micro Lorry.

1	Year	Amount	Growth (%)
ı	1975	367	_
ľ	1976	363	- 1
Į	1977	337	- 7
ľ	1978	328	_ 3
ì	1979	341	+ 4
П	1980	396	+14
ı.	Sourca:	U.S. Chamber of	Commarce.

AFTER MORE than half a for both domestic and foreign In comparison to its previous doors on special terms to Middle

distrust of foreign investment, East oil-exporting countries, the Indian Government is now residents of which are allowed more

At a well-publicised international seminar in Geneva, technology at all. earlier this year. Mr Narayan A serious bid i Datt Tiwari, India's Minister for Industry, made what some top Indian civil servants say was an unprecedented call for EEC companies to invest in

verseas investors.

And on her visit to Britain in
Over the next few years the March, Mrs Ghandi personally
prospect is for a slow but steady callad on British businessmen

economic analyst at Tata Services, puts it: "The hostile senior Sovernment officials, the Indian attitude to foreign investors at the top bas gone."

That is not to say, however that India is about to embark on a radical shift in its foreign investment policies. There is no prospect of an "open door' to overseas investors.

Key areas

The Foreign Exchanga Regulation Act (FERA) of 1973 which forced many existing foreign vantures to reduce their boldings to 40 per cent and soured the investment climate for the rest of the 1970s will not be repealed. And the Minister for Industry bas made it clear that the Government still wants to confine foreign investment to key areas of the economy, most notably those which involve bigh technology or are largely export oriented.

As a recent Government investment profile points out, New Delhi will continue to prefer collaboration agreements which involve the sale of technology rather than equity participation, and with the excep-tion of export processing zones and extremely sophisticated technology the Government will not be keen to allow new investors to take a controlling share in a joint venture though some exceptions may be

In a bid to overcome some of the doubts which bave the Indian Govern-In a country, where for ment may be prepared to take several decades centrally a more pragmatic approach in

Though many ventures have already complied with the Government's demand to reduce equity to 40 per cent, a number of those that bave not may be allowed to maintain a controlling share as a result of a more liberal application of the rule which allows high technology companies to bold up to 74 per cent. The cases of Siemens, Union Carbide, Hindustan Lever and GEG are under consideration.

Elsewhere, the Indian Government has made it abundantly clear that it is now prepared to go quite a long way towards making it attractive for certain categories of foreigners to invest in India, most notably nonlikely to be small however. of bureaucratic controls

Even with a more positive a powerful disincentive." residents of Indian origin and investors from the Middle East.

Foreign collaborations involving foreign

investment (U.S.\$m)

Just over a year ago New Delbi opened its investment

to hold up to 40 per cent equity in a joint venture without

funds from the 8m or so non-

Though remittances from

Indians overseas are already a

major factor in India's economy

market, particularly among the

purchase shares on the Indian Stock Exchange.

Though these two policy changes bave yet to produce

has is the opening up to foreign investors of oil and gas explora-

Delhi is currently reviewing the

to put out a second more attrac-

tive round soon as part of its

and smallscale industry.

name but two areas.

on the market.

Steady increase

years, bringing to an end over

half a decade of stagnating or

equity investment in industry

tion and production.

sufficiency.

professional and

Year	Number	*Amount
1970	32	2.6
1971	46	6.3
1972	35	6.8
1973	34	3.1
1974	55	7,3
1975	40	3.5
1976	39	7.6
1977	27	4.4.
1978	44	10.2
1979	32	5.1
1980	74	9.7
1981	11	

imparting any transfer of NB—Total new private direct invest-ment approved 1970-80 amounts to just under U.S.\$70m at current-prices. A serious bid is also being made to attract investment Source: Government of India. resident Indians living abroad.

Foreign Investment (an estimated \$5bn in 1981) the Government believes that there is still a large untapped in India* (at the end of March)

_		
Year 1970	Rupees m : 16,410	\$USm(†) 1,784
1971	16,800	1,826

classes.	1970	16,410	1,784
In his first budget speech as	1971	16,800	1,826
Finance Minister, in February, this year, Pranab Mukherjee,	1972	17,560	1,909
announced that non-residents of	1973	18,570	2,018
Indian origin would now be	1974	19,430	2,112
treated on the same footing as Indian nationals in a number of	1980	20,000	2,174++
investment areas, and would for the first time be allowed to	*The stopped		Government musl invest-

Foreign Exchange Regulation Act of 1974. †Exchange rate: 9.2 rupees=

notable results, one area which SUS1. tyThe figure for 1980 was given to Parliament by the Finance Minister on June 6, 1980. The Earlier this year, Chevron of rough estimate of Rs 20bn crores at the end of March, 1980, clearly indicates a decline the U.S. became the first foreign company to sign an exploration and production agreement with the Government. And New in foreign investment in real terms after 1974. (A crore is 10m). Source: The statistical terms and conditions of the blocks on offer, and is expected outline of India.

attitude at the top, Indian bureaucrats at lower levels may all out drive for energy selftake some time before they Another policy change this take some time before they year that could help to boost can shed their distrust of investment is the decision taken foreign investors, particularly. the multi-national companies, in March to allow large domestic and both the Government and and foreign companies to move investors themselves aeem set into areas that were hitherto reserved for the public sector to cononue to adopt a cantious The Anglo-French Chamber Foreign companies are now

cligible to produce passenger vehicles and steam turbines, to of Commerce says French companies will continue to concentrate their main efforts on winning export orders and bat-Suzuki of Japan, for example, tling for turnkey projects while in a recent speech the U.S. now seems set to take an equity stake in a new joint venture to make a so-called people's car, thus providing Indians with an ambassador said be did not foresee a sharp jump in U.S. investment in Iudia, though he alternative to the two outdated, admitted the outlook was more brands of automobile currently favourable than just two years

Amongst British and German These and a number of other citement but an air of cautious measures should result in a optimism now prevails in steady increase in foreign strong contrast to negative investment over the next fcw attitudes which bad prevailed

until recently. half a decade of sugarantes.

Krueger, the executive difference of the Bombay-based IndoFrom 1970 to 1980, for of the Bombay-based Indoprivate foreign German Chamber of Com-In the words of Dr Guenter merce: "Compared to approved by the ludian Govern-ment was less than \$70m—an expect a slow but steady inment was less than \$70m—an expect a slow but steady in-average of just over \$7m a year. crease in foreign investment, Even with a significant percen-with the occasional jump for average of just over \$7m a year.

Even with a significant percentage increase in annual flows, comparison to many other Third Government's previous aggressive anti-mulonaconal stance

of bureaucratic controls is still

Stockmarkets find the going easier

IF THE Indian stock markets have been playing an increas-ingly important role in the economy in recent years as a source of equity and longterm capital it is due to the following fundamental factors:

private corporate. generally good performance, giving attractive rates of divi-

dend which attracts more risk capital in an inflationary A growing inability of public financial institutions to provide funds for the corporate sector's expansion and diversification

programmes, due to a shortage

of their own resources. In order to enable the capital market play its role more efficiently the Government (even the Janata government did this) has been taking measures to

Firstly, investment up to panying benefit of selling it at Rs 10,000 in the shares of com- any time for capital gain or panies was made tax-free. Now the limit has been doubled to both the capital and the gains. Rs 20,000. Interest rates permitted on company debentures sibility of substantial Arab have been raised to 13.5 per cent money coming into the Indian on the convertible variety which also carries substantial appreciation prospects and as bigli as

15 per cent on non-convertibles.

To help the corporate sector retain more of its carnings, cor- the shares of well-established poration tax surcharge has been Indian companies which they cut to 2.5 per cent from 7.5 per cannot yet do directly. cent and generous investment A large part of the black allowances are allowed for ex-money which used to be

pansion and diversification projects, as well as for new com-

The latest budget of Pranab Mukherjee, the Central Finance Minister, has not given more direct tax rellef to the corporate Mrs Gandhi's pragmatic sector nor depreciation allow-economic policies giving greater ances at an accelerated rate as freedom and initiative to the the stock markets had been expecting, but it bas, by allow-• The corporate sector's ing non-resident Indian investment in the stock markets, widened and strengthened the capital market in a dramatic

acquire equity in Indian companies up to 40 per cent of the total capital and repatriate their investments after some time subject to certain conditions. According to the Reserve Bank, this facility has lately

been further liberalised. Non-resident Indians can also buy as portfolio investment Indian company shares up to a make equities more attractive to certain monetary ceiling, based the investor.

> other reasons and repatriate stock markets through nonresident Indians, based in the

Middle Eastern region. It is well known that Arab financiers are keen to acquire

CONTINUED ON NEXT PAGE

How to survive a cold climate

Indian business relationship.

Founded in 1863 by a British he says. teak baron, the Bombay Burmah Trading Corporation, says Mr Gibbons, was Indian con-trolled from the start, more than 100 years before the "infamous" foreign exchange regulation act (FERA) sent shivers down the spines of so many foreignowned companies operating in

This, however, did not stop the company's worldly wise In-dian directors from continuing to choose a British managing director to oversee the com-pany's increasingly diverse holdings. Mr Gibbons is the last of that long uninterrupted line of British business gentle-men. When be goes be will be replaced by one of his Indian-"1 have enormous admiration.

for the ability and diligence of Indian businessmen. If you can survive and make money in this restrictive climate you must be really very very good," be says. ment figures for years after the Mr Gibbons has lived and worked in India happily for well

over a decade, but he is under no illusions as to the enormous problems which businesses have to face. He says there are "some signs of a more prag-matic approach coming along" but be expects "government interference at every level to continue to be the most fear-some obstacle" facing businessmen and the economy.

change, wages, imports --- you name it. It took us five years just to get the papers ready to start our new electronics factory. The cost to the public is enormous and it stifles innovacon and productive enter-prise. Our finance director spends about 80 per cent of his time devoted to seeing us through the seemingly ever-growing maze of regulations." Mr Gibbons maintains that it

is much easier for the large companies like the Tatas or the Birlas, which have the re-sources, to cope with these problems. But for the middle

WHEN Mr J. B. Gibbons packs to small-sized operation the his Bombay bags to head back extra costs and time involved to a somewhat uncertain future can often kill off at birth a in Britain later this year, he potential new business venture, will be bringing to an end what "A much too large a proporeven he admits has been a tion of the skills and energy of unique century-long Anglo- some of my best employees are deveted to beating the system,"

Lician:

DOING BUSINESS

Infuriating

"It would not be quite so infuriating if the regulations were clear, and uniformly enforced, but inevitably it's a matter of interpretation. For example, we pay 31 per cent excise duty on a particular product and a competitor of ours pays just 8 per cent on a similar product. The system is bound to be open to abuse."

Though be admits that clear evidence is not forthcoming. Mr Gibbons believes that in the last five years corruption has grown even more pervasive along with the expansion of the black economy. He points with a mixture of horror and amusement at a recent Supreme Gourt decision to make bribery tax deductible, and asks what price bonesty or economic efficiency when a chief minister can amass a \$35m fortune from the creation of cement shortages and get off without any apparent nishment other than the loss of his job. Even with a new approach

to the economy at the top, Mr Gibbons wonders if it will turn out to be in the personal interests of the Indian bureaucracy or the country's politicians to lift the pletbora of controls which have done so much to boost their living standards. Unless there is a sharp increase One is bemmed in with a in government wages and a plethora of restrictive laws on determined effort to use the production levels, foreign ex-full might of the courts to stamp out bribery and corruption the problem is likely to remain severe with all the losses in efficiency and innovation that this entails.

"It's fun doing business here. You can even make money. But there is enormous untapped talent and resources which needs to be productively used. Under the present high cost, bureancratic system, energy and talent are misdirected. The economy is slowed down and it is the Indian public that foots

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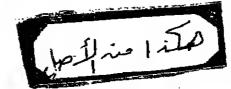
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"INDIA-XIII

DOING BUSINESS

black economy and the related

corruption of the political

The Bombay High Court

found in January a direct quid

pro quo betweeo, the allotment of cement and donations by builders to trusts set up by

Mr A. R. Antulay, Chief Minister of Maharashtra.

for his openness. He was com-

pletely candid about the trusts,

saying their funds were distri-buted to the needy who he felt

were more worthy beoeficiaries from the profits of black market

cement than the black market-

eers. Recipients were no doubt

impressed that the money was handed out to the name of the

Congress Party and Mrs Gandhi.

This erosion of the political

public service was attacked in a widely quoted speech ear-

system and change in morality

lier this year by Mr B. K.

Nehru, Governor of Jammu and

Kashmir, who is also Mrs

Tax evasion is a low-risk

activity. A senior official of the board of direct taxes said

that income declarations up to

Rs 100,000 are accepted at face

value. The board's 4,600 in-

specting officers and commis-

sioners seek out bigger fish, bringing approximately 400

prosecutiona a year, mostly of aelf-employed businessmen.

From time to time the Government taps the black ecoomy directly. In 1965 and 1975 it declared amnesties on

undisclosed incomes, the latter netting Rs 7bn. A bearer hond scheme floated in fiscal 1982

raised Rs 10bn; equal to about 40, per cent of the annual in-

More recently the decision to deregulate cement prices, it is hoped, will channel funds cir-

culating in the black ecocomy

back ioto the white as the black

One of the greatest blocks to curbing black income is the fact

that the agricultural sector.

come tax take.

markel collapses.

Attack

Gandbi's uncle.

Mr Antulay was remarkable

RODERICK ORAM examines a booming, multifaceted system that is almost half as big as the official gross national product

Black economy is deeply entrenched

INDIA can boast two economic source of funds. Together these businessmen emphasise that systems. The plodding official economic and political forces their relatively high salaries corset of Government controls. and regulations, producing moderate growth in worthy and regulations.

The black one, in contrast, is tion with the white economy.

distribution of essential commodities and black marketeers will develop a parallel free economy; try to insist on production of room fans and wealthy consumers will find black supplies of the video tape recorders they want instead.

The black economy is so entrenched that the country depends on it to meet few basic and many not-sobasic needs that the official economy cannot or will not. . A catalogue of the not-sobasic needs can be found in the pages of Bombay—the city magazine." It is a slick pubikation propagandising to a wide and eager andience a beautiful people lifestyle which

instere white economy. To belp its readers afford the goodies, the magazine recently black economy was about one-Planning for Secret Income (Black Money).

few could afford under the

Part three of the book explains how to generate black income. Staff of Bombay's international Book House say it is selling like bot cakes. The black economy bas also become indispensible to politi- of a prominent company said. (nonvinees) names, etc., behind eal parties as their primary. He and similarly situated the vulgar display of wealth

ing—and dealing—system.

The system is multifaceted: a sumptuous wedding feast for 2,000 guests; a 10-fold rise in prices in five years for space booming as Indians turn in in a prestigious Bombay real creasingly to it out of frustra- estate development; abundant supplies of some luxury goods; Try to control the price and and the forced resignation in January of the Chief Minister of Maharashtra State after he allocated cement supplies to cootributors to his "trusts," are a few diverse examples.

The size of the black ecocomy is much debated. A January article in Economic and Political Weekly of Bombay estimated that it was almost half as big as the official gross national product in 1979, or about

Using the same U.S.-developed methodology the U.S. Using black economy to comparison was about one-fifth the size of GNP. Maly's one-third and Britain's one-tenth.

The applicability of the methodology to the Indian economy can be questioned. But if the actual size is unclear, its growth trend is not. The recently as 1968, the article found.

It is not a unique phenomenon, Indians stress-"ooly the brazenness and difference of degree distinguishes India's economy from other countries," a senior executive

combine to create a free wheel- and generous perks allow them to live exitely in the white

> The main causes of the black economy are: high income, sales and other taxes, the ineffectual enforcement of tax laws, the all-pervasive system of licensing and controls of economic activity, and the pressure to generate unrecorded money to fuod political parties.

Mr L. K. Jha, one of Indla's most highly regarded civil servants and head of the Economic Administration Reforms Commission, said the fundamental reason is that people want a higher income than is permissible under the white system

Origins

Dr Bhabatosh Datta, a distinguished Calcutta economist, said the black economy took root during the Second World War when sharply rising prices encouraged people to hide some of their profits and income. This black income could only be used to fund more black activity so the black economy took off. The 1971 Wanchoo Commission on the black economy investigated this vicious circle.

Black money "is widely used for conducting business transactions, smnggling gold and luxury articles, purchasing quotas and licences, financiog secret commissions, giving donations to political parties, acquiring assets in (nominees) names, etc, behind

tious living and lavish expenditures on weddings, festivals, etc, is the scourge of black concluded the commission which was chaired by the Chief Justice of the Supreme Court.

The system could be seen as no more than a sophisticated free market at work alongside the tightly controlled economic economies performing far more satisfactorily than the official statistics indicate. Per capita income, for example, could be fully 50 per cent higher than

However, there is widespread concern about the black economy's distortion of the white economy. The loss of tax revenue reduces the Government's ability to finance develop-ment. Tax dodgers are con-spicuous consumers whose cash

pushes up prices. . Dr Datta considers black income as one of the funda-mental causes of inflation. Moreover, black income tends to find its way into unproductive assets such as gold rather than into the financial system where it could be invested in industrial growth.

Government policy is under-mined by the financial assets and economic activity outside its control. When the Government is pursuing, for example, a tight monetary policy to curb inflation, companies and consumers can turn to the "Multani market" for the funds unavailable through financial institu-

How the Government is loosening up the licensing system

More scope for the private sector

THE MAN who is trying to Monopoly and Restrictive Trade Chemicals and electronics are bring some sense to India's Practices Act. Only later does believed to be two such areas and is will take at least two complex and strangling system of industrial controls is the man largely reponsible for develop-ing them in the mid-1950s.

Then, Mr L. K. Jha was the senior civil servant on economic Now be beads the Economic Administration Re-forms Commission (EARC) which Mrs Gandhi set up in sector, allowed many companies

Governor of the Reserve Bank of India, Ambassador to Washington, Secretary to Mrs Gandhi and Governor of Jammu and

Kashmir State. Few civil servants in Delhi can match his standing, which indicates the importance Mrs Gandhi attaches to the EARC and the difficulty of changing the deeply entrenched system of controls.

All but a few people acknowledge the need for some con-trols because India will long remain a country of scarce re-sources. Most people believe, however, that excessive controls are hampering economic

development. The Government's approach seems to be to tinker with the existing system to make it more efficient and less comprehensive. the Bombay Chamber of Com-The private sector can have a merce and Industry. "We hope The private sector can have a looser rein and a somewhat this is only the first instalment.

We're not trying to produce a magnum opus, we're boping business has responded.

to produce reports as we complete studies of topics where practical action can be taken,"

improving the working of the

the commission hope to assessthe usefulness of the act.

The Government's piecemeal month when Delhi announced its biggest liberalisation of industrial controls in nine years.

The changes opened up almost 50 new fields to the private-In between his two involvements with controls, Mr Jha has held such diverse ferre alloys to printing equip-ment, either had been reserved
There is no lack for the public sector or small businesses, or on more licences were to be issued because existing capacity was deemed to be

New rules

The new capacity rules, which apply to companies with less than a one-third market share, will allow a one-third expansion from the company's best actual annual production. Previously. expansion was based on the fiveyear average output up to the ficenced capacity. This change removes the threat of prosecution for producing more than ticensed.

The package has marked " an overdue change in policy," azid Mr B. P. Gunaji, secretary of

larger role but the Government The Government said it will not undertake a fundamental reworking of the control changes in a year Mr Gunaji believes that further liberalisation will depend on how well

Similarly, businessmeo will be keeping an eagle eye on the bureaucracy. They are worried that some ministries might back-Thus, the ERAC has given peddle on liberalisation because the government suggestions for they have independent thoughts on policy matters.

Stock markets move ahead

and it will take at least two months to judge the bureaucracy's acceptance.

One more change that would belp smooth an application's passage through the bureaucracy is believed to be in the pipeline. This is "single point clearance" for applications. Currently, a Government secretariat dis-March, 1981, with a two-year almost automatic approval for tribute; the paperwork to the relevant departments. Often as planning.

But the rate fell sharply after

But the rate fell sharply after

> additional changes. Controls licensing of a few industries bave become so complex "that and the easing of both the even the executive authorities monopoly policy and price and responsible for implementing distribution controls. controls are unaware at senior levels of the exact control trical equipment industries system which they have to maintained an average annual implement," the Dagli Committee of growth of more than

The main ones are the Industries (Development and Regulation) Act covering such subjects as capacity licences, the MRTP Act which is supposed to stop powerful groups dominating 15 years ago. business, the Foreign Exchange Opponents Regulation Act dealing with such matters as foreign ownership of Indian companies and foreign exchange the Essential Commodities Act which empowers the Government to control the price and distribution of goods, and the Industrial Policy Resolution of 1956 which laid down basic guidelines on who can do what. There have spawned a plethora of minor laws. executive directives, administration edicts and

judicial interpretations. The objectives then and now of controls are: to channel into industries and regions; to tailor industrial capacity to planning targets to avoid wasteful com-

entrants and broadbased ownership to counter the power of the big combines; and to foster greater efficiency by demanding the best technology.

Controls seemed beneficial initially. Industrial output grew equal to almost half the Cross at a real average rate of 7 per National Product, is exempt cent a year from 1951 to 1965, from income tax laws. This according to Mr Ashok Jaitly, makes agricultural activity an a senior civil servant who is effective "iaundry" for black writing a book about industrial income.

time, effort and sometimes a partial liberalisation of con-money to get the files moved trols in 1966. The changes then, om desk to desk.

There is no lack of scope for this year's, included the de-

Only the chemical and electee on the topic concluded in 5 per cent from 1966 to 1981. The all industry rate was 4 per

> Proponents of controls said that industry performed better under righter control and failed to respond to the liberalisation

Opponents of controls said industry failed to grow more rapidly because the liberalisations were in an ad hoc fashion lacking any long-term frame-work, a criticism applicable to this year's changes.

Imbalances

If there's doubt about the effect of controls on industrial growth, there is no doubt about the failure of their other The Indian economy is suffer-

ing from severe structural imbalances. On one hand steel, cement and other products vital to economic development are in critically short supply. On the other hand, supply of luxury consumer items such as high quality textiles is excessive.

Some cities such as Pune, Bangalore, Hyderabad and Delhi have industrialised. But the three most industrialised states -Maharashtra, West Bengal and Gujarat, with the Iraditional manufacturing centres of Bombay, Calcutta and Ahmeda bad-received nearly half, the industrial licences issued 1973-

states—Orissa, Bihar and Keraia—got 7 per cent. Moreover, Maharashtra and Gujarat received 44 per cent of the Ceotral Government's

Many companies subject to the MRTP Act (the threshold is net assets of Rs 200m, or a one-third market share) have become adept at manipulating the system. Their contacts and information sources ensure they are at the front of the quene when new licences are opened

bureaucracy. "It's not strategy that decides profit but the ability to corner licences," a Delbi economist

Yet businesses which have benefited from controls eagerly advocate a icosening up of the system. They are confident they can maintain their influence over their industries while enjoying a greater freedom of

Roderick Oram



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Investing in growth

invested in commodities has prospects. last year when share values rose

rather been contained) by raised by way of fresh equity drastic counter-measures by issues and debentures—a record stock exchange authorities at so far—as against only Rs 700m the instance of the Union during the earlier half of the Finance Ministry, the share 70s. values have not fallen back Th appreciably.

Rather, such fluctuations or up and down movements as have been taking place are mostly technical in nature and quite normal to stock market activity. Even the salaried middle class people have emerged as a

source of strength to the stock markets. It is said that when the foreign companies operating in the country diluted their compiling the total value of will actually bappen. But judg-equity to bring down foregin company shares listed on the ing from the flood of new share share-bolding generally, 40 per country's nine stock exchanges, and debenture issues coming cent, millions of middle class nor any record kept of the marinvestors entered the market to ket value or market capitalisa has remained unaffected so far lap up whatever they could get. tion. But if the speciacular in-

asset backing and offered panies listed on the stock ex-immediate capital appreciation changes is any guide—the num-

CONTINUED FROM PREVIOUS PAGE

this was seen on Bembay Stock compaines governed by the Exchange during April and May Foreign Exchange Regulation .Act) the stock markets bave daily or even hourly to unpre- also moved from strength to the listed stock must have been cedented heights. It was as if strength to strength, not only going up. a bit of Hong Kong had sud- in terms of increases in share dealy come to an Indian stock values, but also from the point of view their usefulness as The point is that although source of risk capital stopped the bull frenzy has gone (or during 1981-82, as Rs 5bn was

> The Reserve Bank index for ordinary industrial securities stood at 200 last December, with 70 as the base.

The index has since come is only marginal. With the undertone remaining bullish. further advances in the near future cannot be ruled out.

No central agency has been compiling the total value of These share issues had great crease in the number of com- ably good.

ber of such companies has reportedly moved into the Since the share issues by trebled over the past three stock markets. The proof of Fera companies (that is foreign decades from 3,125 to over 2,300 Since the share issues by trebled over the past three and new additions are being regularly made, then both the market value and face value of

However, experts feel that with inflation in the Indian economy fairly under control, competing savings or invest-ment outlets such as bank deposits, gilt edged stocks or deposits with non-banking companies, which offer 15 per cent, or slightly more, might soon become more attractive and thereby affect the stock markets.

security-minded savers may go in for the later class of outlets, also the issue of two new bonds down to 196.4 but the decline by the Government-social security certificates and public investment bonds—may mop up savings that might otherwise bave gone to tha stock markets.

It remains to be seen what

P. C. Mahanti

The three most backward industrial subsidies in the same period while Orissa and Bihar received none.

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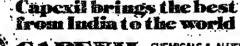


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"INDIA-XIV

P. C. Murthy looks at the role of India's industrial investment institutions

How industrial projects are financed

INDIA HAS a sophisticated financing a project. financial system to assist the or more will have to he cleared by the Industrial Development Bank of India (IDBI), the leading financial institution, although the Industrial Credit

and Investment Corporation of India (ICICI) and Industrial Finance Corporation of India extend term credit.
The ICICI was, until recently, the only foreign currency lend-

ing organisation hut the IDBI has diversified to foreign currency loans. An inter-institutional committee, comprising representa-tives of IDBI, ICICI, and IFCI will etect the consortium leader

from the three financial institutions, which will be the contact point for the entrepreneur even though atl the term tending

Industries categorised "core"

establishment of industrial pro- sector by the Governmeol, such jecls. Proposals with a total as cement and fertilisers and investment of Rs 50m (£3.09m) those contributing to export those contributing to export promotion and import substilntion, are given priority for lending purposes. Once a project is accepted for financing, all aspects including cost over-runs are taken into account.

Underwriters

Apart from providing term credit, financial institutions underwrite, along with private underwriters, the equity share and debenture flotations. Even in cases where private underwriters are not coming forth, the financial institutions take the risks of the public share issue provided, of course, that the project is of national importance.

The promoters' contribution in an industrital project is kept

of the financial institutions is India. 20 per cent. Unlike in many other countries where a 51 per cent stake of equity is necessary to retain control over a company, the promoter in India can guide the affairs of a company even with a shareholding of less than 40 per cent. In fact the allegiance of shareholdera to a particular management is such that some big business houses like Tata and Birla are controlling the companies with less than a 10 per cent equity shareholding.

On an average, the promolers' contribution to the total project cost of all industrial units-financed by India's major term tending institutions constituted only 28 per cent in the year to March 1970. The share of loans

flexible, depending on the extended by these institutions the Government of the western financial package in India is the nature and size of the project. in the total project cost was 50 state of Gujarat has set up a inclusion of what is called a For a Rs 1bn project the proper cent in 1978-79, says Mr modern fertiliser unit of 1,350 moters contribution can be as N. Pai chairman of the tonnes per day of ammonia and low as 10 per cent. The norm industrial Development Bank of 1,800 pd of urea.

or more and large core sector

Cuparat and Narmada fertilisers; for example, is a com-pany jointly promoted by the private sector entrepreneur and

debt equity ratio for projects project of Mangalam Cement, costing Rs50m and the ratio projects of mangaram cement, agency warm a specimen period, costing Rs50m and the ratio promoted by Birla, the private Normally the conversion right goes up to 2:1 for projects sector conglomerate, the pro- is for a maximum of 20 per between Rs50m and Rs100m.

For large period, warm a speciment period, agency warm a speciment period, agency warm a speciment period. For large projects (with an in- cent and the debt equity ratio

Mangalam Cement, however, the relaxation is made because cement is a "core sector" item and enjoys priority for funding by the financial institutions. A pecoliar feature of the

Despite many complexities, business in India

can be rewarding, says K. K. Sharma

Be sure to learn the rules!

BEFORE deciding to do busi- even when the plane is "full." This will give you the neces-sary determination to cope with varies, but it is usually good all the frustrations you will at the five-star hotels. encounter.

other difficultles.

These should not really be a deterrent and, in the end — provided you are willing to learn the ways of the Indians and face the challenges posed by bureaucratic procedures — business could be rewarding.

The first thing to do is to learn the rules, therefore visil any branch of the Indian Investment Centre which has its headquarters in New Delhi and branches in many major

joint ventures, with the minlmum of foreign equity particlpation (see separate article by Roderick Oram on this pagel. Most businessmen have heard

documents from the Reserve lot about corruption in India. but do not be carried away by visions of having to buy your way through every stage.

motional fees" are best faced with caution. Government officials are badly paid, but the middle-level and high-level bureaucrats with whom you will come into contact are surprisingly honest (there are, of course, exceptions). Delays do not always occur because a payoff is needed, but because of the claborate, cumbersome procedural tangles in which any proposal is enmeshed. It is usually the politicians who are 'on the make" and you will be particularly unlucky to clasb with them.

Entertainment

Government officials, but not Indian businessmen, have low entertainment budgets, so much of your work will need to be done at their offices. Working meals are rare and entertainment is usually for socialising. Check whether your host or guest is a vegetarian - because he may well be. Many Indians appreciate a tipple, and the status-conscious like to drink scotch which is very expensive, so bring some from the duty-free shop. The Government discourages alcoholic beverages in public, although this is gradually being relaxed.

Remember to make hotel bookings well in advance, reconfirm arrangements by telex before arrival and pound the desk and shout if there is no record on arrival. Friendliness will offen do the trick, but it is a sad fact that some Indians -mostly again at lower levels -only act quickly when prodded, even if this has to accompanied hy

Flying is the most efficien! way to travel around in India in view of lime and the dislances involved. (Trains are always over-crowded and slowbut there will be many points you can reach only by rail.) Indian Airlines, the dumestic

carrier, has greatly improved its services after acquiring Airbuses and Boeing 737s, but do not count on services operating in schedule-and always double check your reservations.

tf you have atr-booking difficulty, do not merely rely on travel agents, but go direct to the main Indian Airlines office and try tu see the top man who Roderick Oram will usually help because there are often a few seats available, Taxis are available at all air-

India has some marvellous

the better-known credit cards are usually accepted. Nightlife (where it exists, at all1 is staid by European standards, but private parties in the major cities cao be lively. Beware of drinking too much of the local brands which the hospitable indians will insist you imbibe and be prepared for

Finally, when considering "WE FIND the negative image of India, based on people's first impressions. is not justified the technology and equipment Bebind all this poverty is an it supplies. Again, the conlessen the frustrations. Try to by power cuts.

contact the right people and

The Airport Ashok is modern specific at the and well run, but it is a 45 to Barglet their origin, the better. This will ensure the attention of higher level excutives and

> The cities you will probably · New Delhi: the seat of the National Government, this is more of an official town. allhough many new medium-

> sized private companies and

several major public sector offices are located bere. Top-level decisions are made Delhi. bul finding the decision-makers can be a probicm. Hence, the importance of a good local contact.

The people, especially those in Government and industry, are usually well-informed and receptive to new ideas. Contacts in Dethi are usually the key to any dealings on a national scale.

Stay at the superh New Maurya Sheraton or lhe Taj Mahal, the older-style Ashok or the Oberoi Intercontinental. All of these are luxurious and offer excellent facilities including good restaurants with both Western and oriental cuisines. Bomhay: This is India's leading port and commercial city.

It teems with businessmen, all keen to set up deals. You would do well to watch the small print and check financial commitments carefully.

Businessmen are experts at finding ways around Govern-

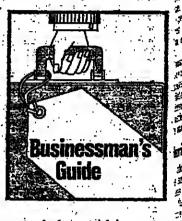
an area where you need to be amenities.

convertibility clause in the loan agreements of Rs10m and more. A clause in the loan agreements The contribution of pro- drawn up between the financial Linked to the promoters con- moters is only 10.2 per cent of institutions and project protribution is the debt-equity ratio the total cost of Rs4.5mn and moters stipulate the right of in ao iodustrial project. The the debt equity ratio is as high financial institutions lo convert norm is to have 1:1 or 1.5:1 as 4:1 for a Rs240m cement a part of the loan given the aquity within a specified period.

Normally the conversion right

the debt equity ration is normally 2:1 but this is relaxed for capital-intensive industries like shipping units with an export obligation of 51 per cent or more and large core sector.

The idea of such a stipulation is in the lending institutions of the shipping units and other big industrial houses the assisted units and raise of the sector in India or foreign companies resources for financing new property of the case of ment at whose direction is normally have a debt equity jects. The view of the Governation is normally have a debt equity is calculated as tipulation; is that the lending institutions of the assisted units and raise of the assisted units. The view of the Governation is normally have a debt equity is that the lending institutions of the assisted units and raise of the assisted units. The view of the Governation is normally have a debt equity is that the lending institutions of the assisted units and raise of the assisted units. The view of the Governation is normally have a debt equity is that the lending institutions of the assisted units and raise of the assisted units. The view of the Governation is normally have a debt equity is calculated as the property of the control of the contr The idea of such a stipulation the assisted units and raise; the resources for financing new pro- in belong jects. The view of the Governs: 180 convertibility clause is included in respect to loan agreement is this will a purious enable the financial institutions. enable the financial institutions of Indian to have a say in the operations: of assisted units, at least until of



particularly watchful.

There are excellent hotels; par are the magnificent Taj Mahal over a Hindus. looks the harbour. Also good is an lower the 34-storey Oberol Towers a shown The Centaur, near the airport is micie w modern but a long ride to the preliminations city, while the Welcom Hotel gibes in Searook is halfway between air agree of he port and city. Also good is the language is President, again operated by the committee of the commi

be paid in foreign exchange, but country's most important commercial, cultural and creative form 137

centres being the headquarters shind he of many of the country's largest his Tre Industrial corporations and an mass of the essential destination for those and he essential business opportunities. The tien of

Hotel scene

The hotel scene is worse than z as cohes in any other Indian city. The are force, best is the Oberol Grand, since the Bengal It has its own generator which me time; is very useful in a city plagued and are un

first contact. Use letters of intro-duction if you can obtain them new Kenilworth Hotel has a takin. wing of modern rooms and is winesses of centrally located. Avoid the messes of centrally located. Avoid the painful!

Great Eastern, once the best demotic of holel in town, but now hope with parti lessly run-down. Some pure Madras: This is the quieter and itself a

and more relaxed of Indian cities and less important, commercially, but it is still the key to the southern states.

Having contacts arranged in

advance is not as important as the husiness community smaller and there appears to be less competition among execu-tives. Business people in Madras are helpful and friendly, if not

always efficient.
The Conemara Hotel has an nodernised and in a good location. The Taj Coromandel and in 1 coromandel and in 2 cor old atmosphere and is now more modern, but with less taconnect.

character.

Bangalere: The newest of the prime n commercial cities, this is the dward still home of five major public sector undertakings which are now to fore tor undertakings with the help of siders corn foreigners. A great deal of pri-

The business environment is much as in Madras and there should he little difficulty in making contacts. The West End Hotel has a

wing with old spacious montand newer sections with more mndern amenities. The Ashnk mental regulations but this is offers good service and modern



Streetcars in Calcutta, headquarters of many large industrial corporations. The city's overcrowding and scenes of poverty make business trips trying

Guide to Indian and overseas business collaboration

The key to success in joint ventures

industrialised nation with high standards. Behind all the red tape is a way to do business," says Dr Guentber Krueger, executive director of the Indo-German Chamber of Commerce

ia Bomhay. Based on his 13 year's experience in India, Dr Krueger says finding a reputable local partner is the most important aspect of doing business in India -and at the same time the

hardest. A local partner is essentiat because of the complexities of the Indian bureaucracy, the delicacies of Indian business methods and the light control on foreigners' activities. Most particularly, the direct sale of imported goods is virtually ex-

cluded. The partners role can take various forms depending on the agent. aspirations. It can run from offering comprehensive sales large company offers full technirepresentation to an equity cal sales and after sales stake in a maoufacturing joint venture.

is done through collaborations he calls the small agents offerwith Indians. The Government ing a more rudimentary service, has approved about 5,700 such. The difference is important fiscal 1981, 525 collaborations and attract higher taxes. were approved against 289 a One of India's largest repre-year earlier—128 (571 with sentatives is Greaves-Cotton, Americans, 106 (611 with originally an English company British, 95 (601 with Germans sold to Thapar, one of the major and 32 (19) with Japanese. In exchange for the information. the lodian company will pay either a lump sum (usually president.

royalty of up to 5 per cent which attracts a 40 per cent tax. The Indian collaborator can become a competitor but it is the other relationships have usually possible to write con- evolved into manufacturing straints into the contract. The ventures, sale to the Indian company of oroduction equipment and com-

about I per cent of the jurnover

and taxed at 20 per cent) or a

ponents is a possibility. A joint venture with equity Involved alternative to a straight sale of technology. Typically or less so the venture safe- usually for three years. guards its status as a domestic company. In cases of high said it was theoretically possible technology or substantial ex- for them to represent a nonports of the venture's products. Japanese company in India hut the foreign stake can be con- agreed that it would be highly trolling or even in extremely unusual. rare examples up to 100 per

Despite India's restraints on remittance abroad of profits and bilateral chambers of commerce dividends, an equity venture can a tmany of whom which will help he profitable for the foreigner, sometimes companies from

tinuing sale of components is a possibility. All the conditions

collaborations lald down in law are only the starting point for bargaining with the Government for approval. "Everything's negotiable here-that's one of the things that drives foreigners mad." a senior American official

Representatives

Almost always the joint ventures are new companies set up for the purpose, and increasingly with a minority Indian shareholding floated on the local slock markets. After collaborations, come the

only other practical route into the market for foreignersusing the services of a concessionaire, representative or agent. Definitions of those terms depend on who you talk to. One concessionaire whose services, said that the business enture. Is increasingly "passing into the Most business by foreigners hands of tours" which is what

ventures in the past 20 years, for tax purpuses. A conces-1.250 of them with British cont-sionaire or representative can panies. But Britain's share is claim it is doing direct business diminishing as Indian needs as a principal whereas an agent diversify and they learn to deat may be frowned on by the with other nationalities. In authorities as a mere go-hetween

Indian combines, in 1947. For The simplest form of collabo- a straight fee it offers its techniration is a technology tie-up cal and sales skills "as an which typically lasts five years. equal " to the foreign manufacturer, according to Commodorc I. K. Malhotra, a vice

> It represents a wide range of forcign companies including Rolls-Royce and Dowly of the UK. Beech Aircraft of the U.S. and Deutsche Babcock. Some of

The Japanese do business differently. Fuurteen Japanese trading companies have liaison offices in India which handle stakes held by the Indian and almost all of the \$2hn a year foreign collaborators is the more Indo-Japanese trade. The Indian expertise is resident in their Indian employees working the foreign stake is 40 per cent under Japanese staff posted

> Mitsuhishi officials in Bomnay Candidates for partnership can be found through commer-

"We leave it to our Indian partners in fix things and then luok after it later in the contract," a tupanese trading company official said. But Indians and foreigners

such actions varies enormously. depending on the circumstances. A lot can he achieved with inexhaustible patience and excellent contacts in the hurcaucracy. These are qualities Indians possess foreigner would die of frostration trying to unscramble the and regulations." American trade ufficial added.

breath, pause and ponder, and ports and in all major cities and then decide first that you will towns; but you must resign do bustoess, come what may, sourself to the prospect of being

The visiting businessman with discover endless hassles—Government controls, telephones that will not work, flight bookings that do not materialise, appointments that may be forgotten, plus the hot and humid climate and a bost of other difficulties.

India has some marvellous Searock is halfway between air give of Ke port and city. Also good is the plantage of Ke port and city. Also good is the plantage of Ke port and city. Also good is the plantage of Ke port and city. Also good is the plantage of Ke port and city. Also good is the plantage of Ke port and city. Also good is the plantage of Ke port and city. Also good is the plantage of Ke port and city. Also good is the plantage of Ke port and city. Also good is the plantage of Ke port and city. Also good is the plantage of Ke port and city. Also good is the plantage of Ke port and city. Also good is the plantage of Ke port and city. Also good is the plantage of Ke port and city. Also good is the plantage of Ke port and city. Also good is the plantage of Ke port and city. Also good is the plantage of Ke port and city. Also good is the plantage of the port and city. A

shortage of Indian companies seeking foreign links, but he warned that some only begin talks so their executives can get travel and foreign currency

He urges foreigners to get the very best legal and auditing advice in India because too many collaborations fail through a weak and ambiguous contract. Time should also be taken to prepare the groundwork "stopover deals" arranged en route to another country end up in court because the Indian nego-

tiator kept saying "no problem, no problem" because he was polite to say otherwise in the haste of it all.
Indians like to do husiness on the hasis of friendship and Dr Krueger thinks it is important to get to know your partners on these terms.

"There are two worlds in one person. A Harvard or LSE educated executive who wears a suit in his office may seem totally Westernised until he refuses to sign a contract on a given day because his astrotoger advises against the timing," he

Bank of India

thoroughy -- many

Similarly he knows of the case of an Indian businesswoman who had a substantial business proposition to make, she thought it was friendller she wrote by hand to alt the prospective German Nobody replied hecause they thought she could not even afford a typewriter.

Never, never, get involved the Indian way of doing siness." which is the husiness." which euphemism the people offering the advice use for the need money" to hasten or ensure the positive oulcome of bureaucratic dealings.

The term reputable covers partners who do resurt to "the Indian way" when they feel it is necessary. "Agents fees can he pretty hefty and cover a lut. We don't ask questions," a British

trade official said.

alike stress that the need for officers of emhassies

Alain Cass examines the extraordinary diversity of Indian life

Living with communal tensions

INDIA has been described as the most "inviolable organisation by birth " where, with occasional exceptions, it is not so much who you are, but what group you belong to which matters.

This complex tangle of castes religions, regional and tribal groupings permeates every aspect of Indian life at virtugroupings ally every level and in every sphere of life.

A person's caste can still determine, where he lives, what job he gets, whom he can marry. whether he can worship, what he can eat and whom he can

Although India's constitution fficially recognises 14 ges there are more than dialects. Within each of linguistic groupings there spread carnage. e perbaps between 200-300 stes and sub-castes.

Barriers

In addition, India encomsses six major religions and across the linguistic divide in the same way that castes also transcend the language harrier. Hence, there are Bengali Muslims and Hindus, high-caste Rengalis and low-caste Bengalis, neither of whom may be able to communicate with their respective co-religionists or fellow caste members in say, the southern state of Kerala where

the main language is Malayalam. Their only common denominator-other than being Indians may he the English language. since only about 20 per cent of the population speak Hindi. indigenous

janguage. ... This extraordinary, indeed, unique diversity, has been both the strength and the fatal weakness of India. The strength lies in the richness of the country's texture and the energy gener-ated through such diversity.

Beyond this, the many crosscleavages with Indian society noften acts as cobesive, rather ... than divisive, force.

Take the Bengali example again: those living in India's st Bengal are unlikely to be tempted into succession by their fellow-Bengalis across the border into Bangladesh partly because those are predomimonly Muslim.

The weaknesses of the Indian mosaic are painfully evident. The most dramatic example, of recourse, was the partition of the subcontinent itself at the time

Population by religion

Religion	Million;	Percent
Hindus	453.4	72.7
Muslims	61.4	17.2
Christians	14.2	2.4
Sikhs	16.4	1.9
Buddhists	3.9	0.7
Jains Others	2.6	0.5
omers	2.2	0.4
T Figures 1	AP 1971	Tradia's

of Independence in 1947, when fundamentalist Islam found expression in the creation of the state of Pakistan, amid wide-

population has increased at the

rate of around 2 per cent a year since 1971. The census

statistic for 1931 was 684m.

Life in India is still littered with communal tensions. How-ever, whareas these tended to he largely confined to clashes between Hindn and Muslims in past years, recent developments indicate a worrying increase in tension both between non-Muslim communities and Hindus (such as the Sikhs), as well as between different castes within the Hindo religion itself.

Latent tensions can also be ignited by outside forces, as in the case of riots in Srinagar, capital of India's sensitive, Muslim-dominated border state of Kashmir. The riots occurred in the wake of a call by Sandi Arabia for a worldwide protest against the shootings in Jerusalem, in April, when a young Jewish gunman went berserk in the Dome of the Rock Misque, Islam's second-holiest shrine.

One of the by-products of Mrs Gandhi's recent visit to Saudi Arabia will, hopefully, be to ease Muslim fears.

More worrying, perhaps, for the Indian Government have been the recent riots in the Punjah which followed the discovery of the severed heads of two cows in a Hindu temple. in Amardnare, the Sikhs' holy city. The suspicion by the Hindu community was that the outextremist Sikhs who, in turn, object to Hindus smoking in the vicinity of their temples. These were the first clashes of their kind since Independence.

The Government has since banned two extremist Sikh organisations. So seriously did the Government take the tensions in the sensitive border



Hindus throng the banks of the sacred river Ganges

Deeply rooted caste system

"THE FOUR CASTES are emanated by me, by the distribution qualities and actions" - with these words, 4,000 years ago, were laid India's caste system which has lasted into the 20th century.

The caste is, basically, a atus group. Its Western status group. Its Western equivalent would be a cross between a guild, a freemasonry, and certain religions with a distinctive life-style such as the Hassidie Jews.

that Indians are born into their eastes and live within them nutil death. There can he no opting-out or "promo-tion" within the caste

There are four major Hindu castes. known as Varnas. They are, in pecking order, the Brahmins (priestly caste), Kshatriyas Vaishya (traders), and Sodras (servants).

The Harijans, or untouchables are generally regarded as being beyond the pale. Within these four castes

there are hundreds, perhaps thousands, of Jatis or sub-castes. Thesa can range from Valars (potters), Padidras (barbers) or Vannan (washerman). The caste system is, primarily a division of labour which has evolved over the years, developing its own social structure, barriers, rules and rites.

Compared to 20 or 30 years

ago, however, it is also true

that caste rigidities are no

longer as severe as they

used to he. Economic progress

has eroded this nnequal struc-

ture even though that very pro-

region that a committee beaded cific provisions for pulling them by the Prime Minister was set up to handle it.

The two banned organisations, Dal Khalsa and the National Council of Khalistan, have been campaigning for a separate Sikh homeland.

Separatism is not confined to the Punjab. The most direct threat comes from separatists India's volatile north-east region. This is examined in a eparate article. By and large, bowever, separatism is no more than a

minor irritant. Even the most implacable opponents of the centre and Mrs Gandhl's attempts to strengthen it see the benefits of belonging to an, albeit loose, federation. On a more obscure level the

massacre in Calcutta at the be-ginning of May of a small, ex-tremist group, called the Ananda Margis, by local people who claimed they were abducting children to forcibly convert them also underline the apparcastes and tribes and makes speup the economic and social lad-

It defines three basic groups: the Scheduled Tribes, the Scheduled Castes and Other Backward Castes. Twenty-five per cent of jobs in the public sector are reserved for these special categories. However, such is the scale

of poverty in India that the loosely-worded definition of Other Backward Castes" become a focal point for the under-privilized groups who have a vested interest in being categorised as a backward caste.

In recent years, there bas been a backlash against this policy of positive discriminatloo in favour of schedule castes from the higher castes, many of whom are equally economically backward.

Prof Andre Bewille, India's leading sociologist, argues that India's economic backwardness has belped to preserve this sysent fragility of Indian society, tem. The reverse is no doubt India's constitution recog- also true. The caste system has nises the existence of backward also been ruthlessly exploited by the political parties.

Many problems for the Muslim minority

the greatest Muslim empires that the world has known, squats Syed Abdullah Bukhari, the corpulent and controversial Imam of Old

Delhi's Jamma Masjid Mosque. The spiritual and temporal impotence of Syed Bhukari himand the colourful but squalid Musim ghetto over which he presides are potent symbols of a once mighty Indian community that has lost its way. Packed as it is against the very walls of Emperor Sher Jahan's mposing mosque and massive Red Fort, Old Delhi's economically hackward Muslim com-munity offers a sad commentary on the extraordinary decline of once-powerful trading community.

Chewing his betel nut, spit-ting the remnants into a silver bowl, Syed Bukhari remembers with nostalgia his ancestors who served as Imams to the Moghul emperors; be then goes on to rail against what he calls "the economic, political and religious discrimination " discrimination" being perpe-trated against the Muslim's India's largest minority.

Disparaged by many of India's Muslim elite as a man who is not above rousing communal passions for short-term political or financial gains, Syed Bukhari was imprisoned by Mrs Gandhi during the emergency, backed the Janata Gov-ernment in 1977, fought for Mrs Gandhi in the 1980 election which brought her back to power and today condemns her for what he calls "ber series of broken promises," and her anti-secular policies." Mrs Gandhi made promises.

We belped hring ber back to power. She has broken these promises. Ours is a powerful voice. We can support her no longer. This is not a secular government—this is a lying government. We will fight and defeat them." he says. But Syed Bukhari's words

gress bas created other inequalities of its own. The pavement-dwellers of Calcutta, are empty threats. India's 80m Prof Beteille points out, are not or so Muslims are potentially the country's most powerful just Harijans, but of all castes. minority. But since the partition Pernicious as it may be, the caste system is not likely to of the sub-continent in 1947, when millions left their homes vanish in the foreseeable future. "It was, after all," sald one observer "laid down 4,000 years in India for Pakistan, amidst a wave of violence, recrimination ago in the Bhagavad Gita, (the Hindu's holy book)."

ancient and divided, defensive, demoralised decaying Moghul splendours of and economically backward community without a political party or leadership to defend its interests.

Neither Syed Bukhari, nor any other self-acclaimed Muslim leader, is capable of mobilising more than small sections of the Islamic community. The most able of the Muslim leaders moved across to Pakistan in

The fact that unlike the numerically much more insignificant Sikh community, India's Muslims have been unable (or unwilling) to organise themselves into a powerful pressure group, is both a function of bistory and geography.

Dispersed

Uneverly dispersed through-out modern India, only in Kashmir, where they account for some 75 per cent of the popua-tion, have they been able to organise themselves in a way which has enabled them to extract significant concessions from Central Government.

In the words of Mr A. Jama Kidwai, the Vice Chancellor of Delhi's Jammia Milia Muslim University: "Tha community has taken a terriffic battering since 1947, but it bas not acquired the virtues of the Jews -hard work, dedication to economie improvement. Nor have we bad a united and dedicated leadership.

"There is no Muslim political party of any size capable or willing to defend our interests, and those leaders we do have. scattered throughout congress and the opposition parties have, on the whole, been oppor-tunists, or hangers on."

Though India's Muslims voted along with the rest of the country to push Mrs Gandhi out of power after the extremes of the emergency, they soon found to their widespread dismay that, under the Janata Government, anti-Muslim Hindu chauvinists from the Jan Sangb Party were playing a powerful role.

The result was a growth in communal violence. Though there are no figures it is clear that well over 50 per cent of the Muslim vote went to put Mrs Gandhi back in power in She has since been and hate on a gigantic scale, assiduously cultivating them-India's Muslims have formed a ber visit to Saudi Arabia helng

Many Muslims trace the increase in communalism over the past three years to the growing influence of extremists in the state police and Army Reserve during the Janata period

The trauma of partition, the constant threat of communal violence, particularly in urban areas and the loss of its most able sons to Pakistan, has meant that India's Muslim community has played little part in the mainstream of national life.

According to a widely-respected Muslim politician, Mr Syed Shahabuddin, the average per capita income of the Muslim community is lower than the national average, a large proportion lives below the poverty lioe: there is a higher incidence of illiteracy and unemployment and, in middle to large-scale industry. Muslims are hardly represented at all.

In a group of 2.382 industrial establishments, owned by large corporate units. only four are owned by Muslim industrialists.
Quoting a receot paper, Mr
Shahabuddin concludes that entrepreneursbip at the large medium-scale industrial level is almost non-existent among the Muslim community. Economically, India's Muslims bave never really recovered from their inability to grasp the opportunities of education and modernisation which the

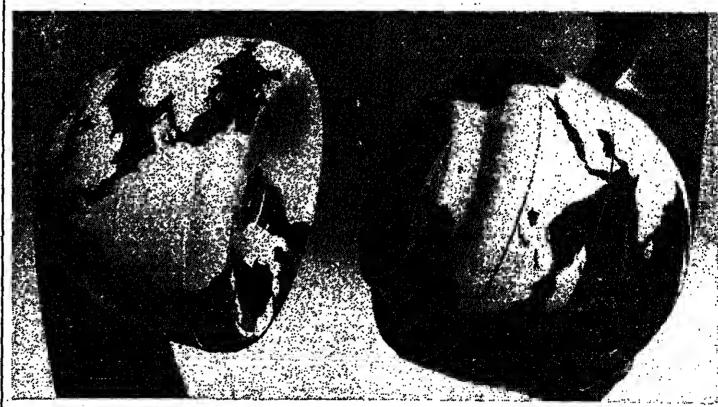
British Raj brought with it. The largest part of the small and successful Muslim middle class community which did manage to pull itself into the industrial age opted to live in

And though a rich and more self-confident middle-east has created new economic opportunities for India's Muslim professionals and labourers in the past decade, by and large, India' Muslim community has been unable to throw off the shackles of an outdated religious-centred educational system which has done much to ensure that a disproportionate number of Muslims remain along with the Harijans (the "Untouchables") and other scheduled tribes among the most economically backward communities in India.

Richard Cowper

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The UK remains the largest foreign investor in India

New trade agreements with UK

"WHEN Mrs Ghandi shook hands with Mrs Thatcher in London, earlier this year, some said it was difficult to see just what the two had in common, apart from the remarkable fact that both were women prime ministers in 2 political world still dominated by men.

In matters of foreign policy, the two leaders certainly have every different outlook on the world. India likes to see itself as the natural leadar of the nonaligned movement while Britain is a staunch member of the Nato alliance.

Under Mrs Thatcher, Britain is moved noticeably closer to the U.S.—a nation which India as learned to treat with much fistrust. And of all the EEC countries it is perhaps Britain hat has been most willing to Jack the U.S. in its tough stance igainst the Soviet Union, a oog-time partner and friend of india.

In contrast, Mrs Gandhi has Stein hesitant to risk India's strong economic links with the USSR by an outright condemnation aon by an outright condensitation of its invasion of Afghanistan and, on Poland, its Ghandi has publicly stated that she regards the whole affair its an internal matter. India has also caused considerable innoyance in Britain and non-Communist South-East Asia by ecognising the Vietnamese-packed Heng Samrin regime in

Campuchea. Thorny issues

There have also been a number of thorny bilateral ssues, some of them stemming rom the long historical relationhip between tha two countries, aich as Britain's new imnigraion policy and Indian policies m foreign compenies which, at imes, have made relations etween the two nations less

But the fact is that Britain emains the largest foreign ovestor in India, its largest niateral aid donor and its third argest trading partner. Moreover, the sharp diver-

ment in India. ence of opinions over East-Vest relations and the occa- undoubtedly pleased that dur- rate of around 25 per cent a

INDO-BRITISH VISIBLE TRADE (Figures in £m) 106 73

179 1970 138 111 249 1971 253 141 112 149 1973 123 127 164 562 207 278 383 1978 349 456 529 316 1980

330十 1,025† 695† † Preliminary estimate. Source: British Oversage Trade Soard

sional tiff that must inevitably flare-up between two pations whose destines were once so intertwined, has not stood in the way of the development of a much improved bilateral economic relationship over the past two or three years.

While this is, in part, due to the general opening up of the Indian economy there is little doubt that Mrs Gandhi is now looking to Britain to play a much greater role in the Indian economy in the 1980s than was the case just a few years ago.

Many in the British business and diplomatic community in · believe that Mrs Thatcher's visit to India last year and Mrs Gandhi's return trip to Britain this April has done much to improve the relationship between the two countries, most noticeably on the economic front.

In what businessmen say was an unprecedented move for a country which has traditionally been extremely distrustful of foreign equity participation and proud of its ability to stand on its own, Mrs Ghandhi made plan for mora British invest-

ever, British exports to India In return, Mrs Ghandi was have grown at an average annual

ing her trip to London, Britain year, and, in 1981, grew an esti-agreed to pledge its full share mated 30 per cent. of the sixth IDA replenishment With total two-way visible over ooa year, rather than two do. Traditionally India has accounted for around 40 per cent of IDA loans which come

Despite its own economic problems, Britain also agreed to increase its bilaterial aid to India in 1982-83 and still further At a tima when India is

facing foreign exchange con-straints in an aid-fatigued world, these gestures have not gona unnoticed in New Delhi. At the most dramatic level, the naw economic relationship has shown through in the award by the Indian Government of three major multi-million pound contracts. To Britain, in 1978, agreement was reached to buy some 85 Jaguar deep penetra-tion strike aircraft, worth around \$400m with the option of manufacturing about 80 more ln India. And, in 1981, Davy McKee, the beavy industrial arm of Britain's Davy Corporation, won a contract to build a \$1,25bn steel works at Orissa, along with companies in France and Germany.

Work worth about \$500m will be carried out in Britain. And, this year, India awarded in principle a contract to build a 1,000 Mw thermal power plant at Singrauli to a British consortium consisting of Northern Engineering Industries, General Electric and Babcock.

The plant and associated mine development is likely to cost around \$850m.

The first of these three contracts has already provided a major filip to British exports to India which are estimated to have grown to around \$700m last year, double that of the f350m exports to India in 1978.
In 1960, British exports accounted for around 20 per cent of total Indian imports, but lost ground badly in the 1960s.

In the past five years, bow-

trade estimated at around \$1bn

in 1981- and invisible exports in the region of £50m, Britain is India's third largest trading partner after the USSR and the U.S. The only cloud on the trade borizon is that the steady increase in British exports to

India has turned tha trade

balance sharply into Britain's favour. And this has been a cause for some concern by the Indian Government. At a recent seminar in Bombay on Indian and British financial links in the 1980s, Mr Pranab Kumar Mukherjee, India's Finance Minister and Mr I. G. Patel, the Governor of the Reserve Bank of India, both his ted that this could cause problems hetween the two coun

Expansion

A number of British business men fear that this may affect the future ability of British companies to win some of the major Govarnment contracts likely to be awarded over the next few years.

However, the steel and power plant deals coupled with the strong possibility of winning a contract to build a £360m por at Nava Sheva, near Bombay, should see British exports con-tinue to expand at around 20 per cent or more a year for at least the next few years.

Though no one expects a rush of new foreign capital to come flowing into the country from Britain, on the investment and technical collaboration front the outlook appears somewhat brighter than it has been for many years.

In 1974, approved British foreign investment jumped to its highest level. Since 1980, the number of collaborations between Indian and British companies jumped to 110. almost double the average annual rate over the previous

Richard Cowper

There is no easy solution to the insurgency problem in Mizoram, says K. K. Sharma

Insurrection festers in the remote North-East

Theme of continuity and change

THE Festival of India—the sive exposition of India's past and present—is presenting a varied programme in the UK until November, this year.

The theme of the festival. which opened at London's Royal Festival Hall in March, is "continuity and change." It portrays the rich cultural heritage of India, alongside the country's contemporary achievements in science, agriculture, indostry and technology.

Among the major exhibiin Loodon are "The image of Man" at the Hay-ward Gallery. For this exhibition, spanning 2,000 years of Indian culture, the exhibits have been brought from every cornec of India.

Other events devoted to India's rich past include ex-hibitions at the British Library, the British Museum and the Victoria and Albert Museum. Scientific aspects of indla are displayed at the Science Musenm, while special programmes on India's arts and crafts are hoing held at various leading galleries. The exhibition The Living

Arts, at the Serpentine Gallery, will enable visitors to see craftsmen at work and vividly illustrates the underlying theme of the Festival. Displays relating to present-day India include Vasna— Inside an Indian Village at the Muscum of Mankind and Modern Indian Artists at the

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'WE ARE all reluctant Indians," says a highly-placed official in Aizwal, the picturesque capi-tal of Mizoram on the hills bordering Burma. His facial features are Mongol and, like the rest of the 400,000 popu-lation of this centrally-ruled

Union territory he is a devout The tribal Mizos may be divided among themselves and have loyalties of an incredible complexity depending upon the group to which they traditionally owe allegiance. But

to what they obviously consider the alien "Indian" from whatever other part of the country he comes. To the Mizo, the Indian is represented by the thousands of military and para-military forces who patrol the streets of Aizawl and who escort all senior hureaucrats. Nooc of

these forces dare venture outside the capital without the protection of armed soldiers carrying automatic weapons meant for instant use against the small core of insurgents hiding in Mizoram's dense

The Bara Bazaar in Aizawl is full of shops displaying goods smuggled from Burma. The proud Mizoa peddle these without enthusiasm for they have lived in the shadow of insurgency, backed by a drought that has made the population even more dependent on supplies from the mainland.

Rumours in the bazaar are that insurgency will erupt again now that talks with the Mizo leader, Laldenga, bave failed in New Delhi and his Mizo National Front (MNF)

banned yet again. Lalgenga left last month for Europe, once again in exile, like several tribal leaders from the north-east. There have already been some

killings by guerrillas and inadequate.
there will surely he more. If anything, the demand for secession bas grown and the since the move against the MNF is widely interpreted as hardening of attitudes in New Delhi against the Mizo demand for autonomy. Mizoram is now a union territory, which means il is ruled by

New Delhi, although it has a local Chief Minister, Brigadier Sailo, who is opposed to the Mizo demand for independence but enjoys the confidence of few of his fellow tribals.

The Mizo National Froot's following is said to be nominal, but it is sufficient for it to extort money from non-Mizo passengers—at Rs 50 per person—coming in buses from Silchar, the point where they are actually issued entry permits for Aizwal, even though they are Indians (no non-Indian has been allowed into Mizoram for more than two decades).

ocal officials admit the MNF bas a parallel administration and that its writ ruos further than the Lt-Governor who represents New Delhi.

Official functions in Aizwal have all the paraphernalia of tight security. A light machine-gun, mounted on a utility vchicle follows the Chief Minister. Senior officials are escorted by armed men of the central reaerve police and travel with them in their

Casualties

Security guards are increased when officials go on tour into the interior. No official goes to a picnic without first ensuring that he has his armed contingent of escorts with him. The precautions are. essential because insurgents keep a close watch on the Unwar, and there have been many casualties.

There is no easy solution to the insurgency problem in Mizoram hecause the hard core of the MNF will settle for nothing less than independence, while efforts to integrate Mizoram with the rest of the Union are as unthey

MNF is now aided by the students' association called the Mizoram Zirlai Pawl (MZP) which is now recruiting a new cadre.

siderably improved" were easily belied when just three weeks later, 21 soldiers were killed in an ambush by a "People's Liberation Army."

The "extremists" have obvious popular support. A recent jailhreak in Imphal capilal of Manipur, in which 44 "bardcore PLA extremists" escaped, could hardly have been possible without the support and connivaoce of local officials.

Concessions

There is no real effort to win ovar the activists. The enormous concessions giveo to the region (north-eastern states, like others in the Himalayas, qualify for special treatment in the matter of granta) have benefited mostly the politiciaos and contractors, or so is commonly helieved in the north-east.

Tbere is an inexplicable degree of support that movements in the north-eastern atates receive from even well-placed and outwardly loyal people who profit from the political and administrative set-up and the largesse from New Delhi. In Imphal, senior bureaucrats, posted there from outside the state, speak bitterly of police-men, jail officials, civil ser-vants, and even Congress (I) legislators and accuse them of aecreting illegal waapons and helping the guerrillas.

The truth is that there is no meeting ground. New Delhi can hardly consider the separatist demands without jeopardising the basis of the Indian Union while offers of more antonomy and more economic assistance are unacceptable to the extremists. If their strength is declining and there is no evidence that it is, even though New Belli wants to helleve this-it is partly hecause they no longer receive training and support from China, as in the

There are many "moderates" which New Delhi hopes will eventually gain ground in such states as Mizoram and Manipur, but certainly there can be no peace without the consent to any agreement of the extremists.

As the Mizo leader, Laldenga, said recently: "After all, they bave shed their blood in our cause. We will have our differences but the cementing force in north-east India will be provided by common leaders. That leadership has already been trained in

Indeed, what Laidenga says could well show why the north-east is in fermeot and explains the failure of leadership from New Delhi.

"Let me tell you something." saya Laidenga. "When I took the first batch of Mizo boys in the first dated of Mizo boys in China for training we were received by a group of Chinese men and women who spoke to us in our own longuage, sang our songs and gave us typically Mizo food. There was no oced for interpreters in our camp. But Indians come to Mizoram and can't communicate with our

can't communicate with our people. What kind of integra-



Para-military troopers escorting an arrested Assamcse student leader to a court hearing. So far the students have no links with other separatist movements in the north-east-



HINDI is the official language of India and English has the language." The country's 22 states have their own lan-guages, although six use Hindi.

The Constitution recognises the 14 languages listed below. The states have adopted a three-language formula and use Hindi, English and their own local language for official and education purposes.

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Impatience over lowly status continues to grow among the rural Harijans

The plight of 100m Intouchables'

India's remote north-east. Its

seven states and Union ter-

ritories are linked to the

mainland through a narrow

corridor north of Bangladesh

that was easily disrupled by

West Bengali students when

they launched an agitation,

about a year ago, against the

treatment meted out to

Bengalis in Assam. This is

the oil-producing state, troubled by a widespread movement seeking the expulsion of "foreigners"—immi-

grants from West Bengal and

Bangladesh-from the state.

most of the states, although they are said to he silent in

Nagaland wbere they first

Even in Assam, where the student leaders have held

endless rounds of uosuccess

ful talks with New Delhi on the "foreigners" issue.

separatist forces are clearly gaining ground. Certainly, the graffiti testifies to this. And

Assam, because of its oil and

tea, is economically impor-tant to India.

Loss of a year's oil production in Assam from mid-1979 cost

the country Rs13bn in foreign

exchange. The oil industry is now heing operated under the vigil of Central Armed Police and the Army is on

The Assamese have an economic

weapon they san wield and so the student agitators

receive treatment like diplo-mats in New Delhi when they

make their periodical excursions for what are obviously

They have so far, however, no links with other separatist

movements in the north-east where the "extremists" among

the tribal population spurn

efforts to draw them into what

is a enphermal national main-

gents of unpopular security

forces who are never sure where the attack will come

In quaint Manipur for instance,

official claims that the law

The result is violence, or the constant threat of it, that is

nurposeless talks.

hecame vocal.

Secessionist voices are heard in

BIRAJIA DEVI. 50, thinks that, as an "untouchable," sbe is better off barely subsisting on the outskirts of Patna than she was in her native village \$0 kilometres away.

At least the capital of Bihar. Ganges valley state and one of Indla's most hackward, offers some chance of work and some respite from the degredation and violence that can afflict untouchables like her out in the countryside,

She is one of 100m scheduled caste people (the bureaucratic term for untouchables), making up about 15 per cent of India's population.

These people are the worst victims of the Hindu caste system's rigid divison of labour. The most demeaning johs, such as carrying night soil, tanning leather and washing clothes supposedly made, those workers unclean and unfit to be touched by their superiors. In the Hindu concept of purity and pollotion—the yardstick of rank—they are at the bottom.

Untouchables were shunned as the lowest of the low, avoided lest they polluted their souls. They led, and still often lead, a life apart from the rest of Hindu society, segregated and in more subtle form. oppressed by humiliating practices such as having to walk harefoot in the presence of

Some 50 years ago. Mahatma Gandhi started the enormous task of integrating the untouch-ables into Indian society. He called them Harijans, children

Backlash

Government actions to improve the lot of the scheduled castes include reserved places in education, as well as in Government johs and in Parliament. Some 78 seats out of 542 in the Delhi Parliament are

Reservation Inevitably causes a backlash. Last year, in Gujarat state, students demonstrated violently against the earmarking of half the state sebool places for scheduled castes. Any unclaimed places from previous years are carried forward.

The number of post-matriculation scholarships available to scheduled castes in India was about 682,000 in fiscal 1982, against only 200 in 1947.

Education has worked also at cent of the total population were edges of villages. literate. The rates were 14.7 spectively by 1971.

or urbanisation, to achieve per- at a time. One of the bloodiest sonal success. One such man is was just north of Patna. Mr Jagjivan Ram who rose to in the Janata Government which

He is out of power now, but he still attracts a following. On many an evening you can find small groups of people on the spacious, shady lawns of his Delhi hungalow, discussing all manner of subjects.

For all his political success, however, his hackground has denied him equivalent social status, he says. It is hard for a memher of the scheduled castes to go through a day without heing reminded of his origins.

He tells of how a lowly peon in Government service might clear away all the tea cups from a meeting of senior officials and politicians, but "forget" those used by a schedule caste.

In theory, such blatant untouchability was outlawed almost 30 years ago. Certainly, the most degrading practices have largely disappeared. But so deeply rooted are the mytha and superstitions of untouch-ability that the effects endure, if

Even a well educated cos-mopolitan Brahmin might tactfully decline to eat with his son's family because its cook is a Harijan. Similarly, a deeply religious Hindu could bath in the sacred - and dreadfully polluted-waters of the Gangea and yet still refuse a glass of tap water from a Harijan.

Generally speaking, untoucbability endores most strongly in rural areas. Fully 80 per cent of Harijans live in the countryside and 80 per cent of them live below the povery line versus 50 per cent for the total population.

One reason for their economic depravation is their lack of land which applies to about 40 per cent of them, according to the Gokhale Institute of Economics. Land transfers to Harijans

and other fights over property is one of the main sources of communal violence, which has soared in recent years. Harijans have become more aware of their rights and less willing to suffer their lowly status. In the most conservative areas they are still refused access to temples and tea rooms, and are forced instead to use separate a more basic level. The 1931 forced instead to use separate Harijans seem able to accept census found that only 1.9 per cated in Harijan bostis on the hut India is a predominantly

pared with only 36 in 1977. Some Harijans have scram- The number fell last year, but of bled up from the bottom of the it included some massacres pile, mainly through education involving a dozen or so Harijans

Death tolls may have been become Deputy Prime Minister lower, but the number of rapes, in the Janata Government which assaults and other atrocities overthrew Mrs Indira Gandhi in have risen. Undoubtedly, many more incidents go unreported because people are cowed by landowners or cynical about the police's frequently cozy relations with powerful community leaders.

In theory, the solutions and ocesses for change are clearly laid down.

We have an absolutely foolproof set of circulars from the Government — it is only a question of implementing them," said a senior Bihar civil servant, echoing the sentiment of sympathetic officials across the

"If anybody tries to do any-thing for the Harijans, he is accused of being a Naxalite (Communist), and transferred."

Undermined

Too often, he added, programmea to aid Harijans are directly overturned or indirectly undermined by domi-nant castes' continuing ability to rally support for the status quo from those fearful of losing out under reforms. The escape for some Harijans

is religious conversion. One of the most noteworthy was of Dr D. A. Amhedkar, chairman of India'a constitutional commission. He shepberded the constitution, which contains many safeguards for scheduled castes, through parliament. A few years later, in the mid-1950s, be became a Buddhist.

Birajia and some of her neighbours chose to seek the partial relief in city life, coming to Patna six years ago. She and 500 Harijans live in

collection of mud hovels squezed between a lane and an irrigation canal. Urban sprawl has steadily encroached and they are threatened with cviction because the stale plans to build a medical institute at the end of the lane. These Harijans can earn Rs 8

to Rs 9 (just under \$1) a day on the few days a week they are lucky enough to find work. The arbitrary poverty line is Rs 65 per person, per month, (Rice costs Rs 3 a kilo.) Birajia said she and her friends are, nonetheless, better off than they were in their village. Harijans secm able to accept

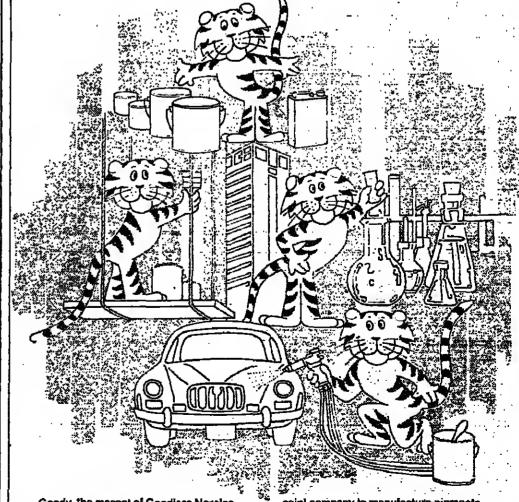
rural society. As impatience Some 375 scheduled caste over status quo continues to per cent and 29 per cent re- people were killed in 1980, com- grow among the rural Harijans, so, inevitably, does the threat communal violence.

Roderick Oram



Left: Birajia Devi who fled her village to avoid degradation and violence and (above) untouchables' lucky to find some menial task

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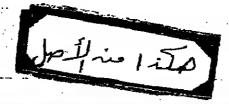
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CHINA'S ECONOMY

Trying the middle way

By Colina MacDougall

CHINA'S ECONOMY looks healthier and more settled than t bas for a long time as it pulls out of a nosedive caused by deliberate retrenchment last year. Provided the weather is kind and Peking can maintain its cautious reflation policy (two big ifs), this year's prospects are not bad. But the future is still under a cloud, threatened by an ageing and inadequate many industry and population

Since the late 1950s China has swing between rival pnomic policies. In Mao's 1958 Great Leap, the country concentrated on producing more grain. steel and machinery. Then came the moderate early 1960s, with more economic freedom and more stress on the consumer.

With the Cultural Revolution in 1966 the pendulum swung hack to grain and steel produc-In the 1970s, the view broadened to include more diverse industries, but not until Mao died in 1976 was ideology gradually shelved to allow less rigid control of the economy.

But China's economic troubles were not over. Too much atress on heavy industry in 1977-78 meant fearsome shortages of energy and raw materials, while for the first time China became a victim of inflation. In response, the leadership in 1979 hegan to clamp down on investment, epding with a orastic squeeze last year which almost paralysed heavy industry.

Only now is China beginning to identify its problems cor-rectly and deal with them systematically. Such was the message of the key economic reports delivered last month at thing in a communist country the National People's Congress Standing Committee by Yao Yilin, in charge of planning and one of China's crucial economic figures, and Wang Bingqian, Minister of Finance.

China now seems to he attempting a middle way, with blossomed in recent years.

look like being the ones to get the grain target has been set it. By Yao's reckoning, the much higher, optimistically in and transport. Coal and power drought. this year scheduled to increase their output, and year got priority in resources, economy, the growing numbers though the oil target remains did even better than farming, will gradually devour them.



Tang Ke (left): gets an important job; Prime Minister Zhao Ziyang: reputation is enhanced

the same as last year, the growth of the offshore industry will mean new investment.

Steel, which has soaked up millions of dollars in the past, is to cut output by 1.5m tonnes but to concentrate on quality and variety.

The impression the traveller gets today of an improving lifestyle across China was underpinned by Yao's figures for 1981. National income—the nearest to GNP-rose 3 per cent, and industry and agriculture together at 4.5 per cent. The 4 per cent growth target for this year will probably be exceeded (the first quarter's results were good).

But last year's midly creditcantious and controlled invest- able result emerged from ment in heavy industry and a averaging out some steep peaks tighter bold on the freebooting and troughs. Grain ontput prolight industries which have voked concern by hardly rising, whereas cash crops like sugar The heavy industries which and oil-bearing plants shot up really need investment now by 20 to 30 per cent. This year problem industries are energy view of the present north China

Light industry, which last

especially in desirable consumer items. This helped trade, which last year was almost in halance (observers in Hong Kong maintain that China would have shown a surplus had it used conventional accounting methods).

But last year's mildly credit had news. Output fell hy an overall 4.7 per cent and by a staggering 66 per cent in the all-important power generating equipment sector.

To halt the decline, this year Peking is setting aside \$17bn— nearly a quarter of total expenditure-for selective modernisation. Taking last year's World Bank recommendations to heart, they plan to renew boilers and reduce energy waste.

Perhaps most threateningly, China's population growth rate is rising. At 1.4 per cent last year's growth was higher than planned and higher than the

Just coming on to China's marriage market are products of the haby boom of the mid-1960s. At the hack of every Chinese planner's mind looms the nightmare that no matter what beoefits they bring to the

challenge entrenched interests. He has now made massive changes which should streamline the government

The bureaucratic changes have seen a further strengthening of Dengist controt over the country's central administration. The wider implication of the reforms is that moderatety progressive economic policies now in force should be secure for the

Mr Deng's proteges and associates of his proteges now occupy most of the signifi-cant positions in the central party and state hureaucracies. Changes to the party's central structure, announced weekend, confirm the trend towards Dengist dominance of positions of power in Peking.

Zhao Ziyang, the premier, comes out of this round of oureaucratic changes with his reputation enhanced. Mr Zhao has done well in his first year as premier and is regarded as a man who is prepared to act decisively. The trative changes are targely

The changes to the state hureaucracy have resulted to a quite significant reduction tn the numbers of ministries and commissions-from 52 to 41-and the removal of much aged dead wood. Mr Zbao has pointed out that the average age of ministers and vice ministers in the central hureaucracy has fallen from 64 to 58 and the number of beads of hureaux and depart-ments has been reduced from 2,450 to 1,398.

An indication of the change in the bureancracy over the past several years, most particularly over the past two months, is that of the 41 Ministers under the State Conneil only a small handful. two or three, hotel the same positions as they did before the decisive Third Plenum of the Chinese Communist Party when Mr Deng began reasserting his influence after bis rehabilitation the year before.

reduction in the The number of ministries has been achieved by merger and .. abolition. Perbaps the most changes were sweeping

effected in the cumbersome machine building ministry apparatus, the central core of China's industrial strength.

The ministries, previously simply numbered the First Ministry of Machine Bniiding, the Second Ministry of Machine Building, and so forth up to seventh bave been renamed according to func-Thus the Second Ministry

of Machine Building becomes the Ministry of the Nuclear Industry. the Third the Ministry of Aviation Indus-try, the Fifth the Ministry of Ordnance and the Seventh the Ministry of the Space Industry. The name changes plus admintstrative reshuffiles are intended to give a sharper focus to their activities.

The Sixth Ministry of Machine Building has dis-

appeared altogether and in its place the China State Shiphuitding Corporation has been established to oversee alt aspects of the industry. The First Ministry of Machine Building has been merged with the Ministry of Agricultural Machinery to form the Ministry of Machine Butiding Industry.
The State Economic Commis-

sion. previously part of the planning system, has been given a much enhanced umbrella status, taking on the rotes of the State Agricultural Commission, the State Energy Commission an several other organisations.

In the same way, the new Ministry for Foreign Econo-mic Relations and Trade has taken on the functions of the old Ministry of Foreign Trade ptus a supervisory role for foreign investment.

There is one curious choice among the new ministers. Tang Ke, formerly Minister of the Metallurgical Industry, has been switched to Minister of the Petroleum Ministry, an Important job in view of China's Impending nffshore development.

Observers believe Mr Tang was not regarded as a success In his previous task as bls name was associated with the Baoshan steelworks project, which was much criticised within China for its poor plan-Tony Walker

Lombard

Thinkers and doers

By Michael Dixon

assumed that oature intended mankind to he split into peasants who earned wealth and gentry who spent it. Nature's disagreement was shown hy the Black Death, a sbift in economic power to the depleted peasantry, and bloody revolt.

The parallel assumption today is that there is a natural division of labour between thinkers and doers. The thinking minority is horn with ability to oreanise work whereas doers are boro to follow instructions. The origin of this split in the

manufacturing workforce was evidently the meeting of the inveotors Henry Maudslay and Joseph Bramah io London in the year of the French Revolution. Bramah's greater strength was ecocomic vision. He saw that his oewly patented lock gave an improved security guaraoteeing huge sales if the price could be kept down by making the lock's various parts separately in balches and assem-hling them later. But human skill could not machine hatches with the consistent precisioo required for the lock to work properly.

lt took Maudslay's sbarper engineeriog insight to fulfil Bramah's plans. Maudslay invented the slide-rest which eoabled latbes to be operated automatically with an accuracy no hand-held cutting tool could

The transfer of control from operator to organiser fed and grew on markets for mass-produced products. The split also suited early developments in computer-controlled manufac-ture. A bank of machine tools obeying a central programme could produce more intricate components more precisely than ever before. And micro-processors and robots are widely vlewed as advancing the same technological evolution which must increasingly consign mere doers to the dole.

But signs that nature is again disagreeing were noted in a recent report (discussed in this column on April 16) from the International-Management Instiindustrial countries, the report pointed out, were increasingly at in Peking a cost disadvantage in the manu-tive ambition at all.

SOCIETY'S LEADERS once facture of mass-produced goods Their best prospect may lie in the manufacture of complicated machines io small hatches, requiring frequent switches of machine tools from job to job. Microprocessors have enabled the tools to be controlled elec-tronically, out in banks, but individually by their own built-io computers. Besides extra flexibility useful for hatch-production, this development allows operators skilled both in programming and in judging the oiceties of the job in hand to improve on the quality the com-puter could produce unaided.

> It has therefore become possible to reverse the shift hegun by Maudslay's slide-rest. Just as that invection freed machinery to attain unprecedented precision, the chip has freed human skills to reach finer quality still. But its achievement would require the functions of thinking and doing, now separate, to be put together again in the person at the machine.

Unfortunately the British education system ignores practical intelligeoce. Aptitude and interest in learn-iog theories give children the opportunity later of acquiring the specific skills of an activity such as eogineering. Children whose aptitudes and interest are in learning by doing bave less and less opportunity to advance in such an activity, and later to acquire the specific theories entailed.

Last week the Government unveiled its plans for a new 17-plus qualification, designed for children unsuited for academic examinations; it would follow a year's practical work at the end of 11 years of compulsory schooling. But this can only treat symptoms. The discovery and development of talents for doing need to start at a much earlier age.

Both Joseph Bramab and Henry Maudslay left school as soon as they could to pursue their interest in doing, which later fuelled their interest in learning the theory their ambi-tions required. Today they would more probably he just tute in Germany and the Henley two of the maoy young people Management School. Advanced so demoralised by 11 years of failure in academic education that they have lost any produc-

Letters to the Editor

Economics of competition on domestic air routes

From the Choirman British Caledonian Airways.

Sir,-May I be permitted to comment on the leading article of May 20, "An unnecessary monopoly." since I helieve the -views expressed to be mislead-

ing and dangerous. Britisb Caledoulan supports the concept of competition but vigorously opposed British Midland Airways application when it was the subject of a public bearing before the Civil Aviation Authority, the expert body whose task is to determina economic regulatory issues in UK civil aviation.

BMA appealed from CAA refusal of licences and it is now for Lord Cockfield to determine what is a matter of vital importance to the UK civil aviation industry and the travelling public on the major

domestic air routes. British Caledonian has oparated to Glasgow and Edinburgh from Gatwick since 1966 and

wava and between Heathrow and Gatwick but also between surface transport and air. The CAA acknowledges that the routes have a history of losses and believes that BMA will also lose money; indeed the CAA concluded that there is a strong likelihood that all three carriers (BCal, BA and BMA) will be gravely weakened.

The air transport industry is facing a difficult period and it is folly to have competition merely for the sake of competition. In the U.S. the example quoted, the experience of deregulation has been mixed, many places have lost service, many fares are now substantially higher and the U.S. air transport industry is currently estimating loses

of \$1hn this year.
Your article refers to BMA
as a low overbead airline, yet CAA found BCal's costs comparable to BMA's and stated

believes there is plenty of that fares must reflect costs if competition already, not only between BCal and British Air- article stated that the public has nothing to lose. This manifestly is wrong as pas-sengers holding Laker and Braniff tickets know to their cost. If BMA is licensed, BCal will compete vigorously but we are already losing well over £2m per annum on these rontes and, although this is halanced by the henefit of feed on to our longhaul services, if losses increase thera is a risk that services would have to be reduced or withdrawn, leaving Gatwick without services to these Scottish cities.

If it is necessary for BMA to fail before it can he accepted that the routes are adequately served, then CAA is redundant. Surely CAA's warning of a weakening to all carriers is one that may not he ignored.

Adam Thomson British Caledonian Airways, Caledonian House. Crawley, W. Sussex.

Paying interest on

a non-existent day From Mr G. Atthill-Beck Sir,-It is now nearly nine

Shake-out

bureaucrats

FOR Deng Xiaoping, the con-

sumate Chinese politician, the

months of April and May this year must have been particn-

larly satisfying. Mr Deng, who

is known to use bridge-playing

metaphors on occastons in

private, would probably agree

that he and his supporters have

achieved at least a "small

slam," In their efforts to reform

the central burcancracy to

make It more responsive to

the demands of new economic

For years the proliferation

of officials and committees, plus the increasing number of

aged boreaucrats who, for lack

of a retirement system, could

not be put out to grass, has endlessty delayed the decision

Not until this year has Deng

Xlaoping been strong enough

making process.

tor

months since the advent of sameday value dollar payments in New York. Certain powerful houses in London, leaders in an important and growing sector of international finance, still find it expedient to ignore the changeover from next-day to same-day funds to their con-siderable advantage. Interest bearing Eurodollar

bonds are issued with annual coupons calculated on a 360-day hase, and are initially sold in the primary market, often through an intermediary such as a stockbroker, bank or licensed dealer. Before October 1981, the lead managers who fix the terms of

new Eurodollar issues used to tack on an extra day's interest in front of the date from which the first coupon hegan accruing, to cover themselves and their co-managers for the fact that although the purchaser pald his money on day X, the seller did not receive the benefit of the payment until day X plus one.

One might therefore be forgiven for assuming that as a seller now receives the benefit on day X, of a payment made on day X, the purchaser of a new Eurodollar issue would be required to pay only for the number of days' interest which have already accrued and which he will ultimately receive from the horrower on the first anniversary of the maturity date. On the contrary, most major issuing houses persist in the now wholly unjustifiable practice of extracting the additional day's interest described above, which means that investors are effectively paying for an instrument which carries yearly interest as if it carried a year and a day's

Investors in the Eurobond market are mainly sizable institutious with many millions under management, so when they buy new honds they buy large, and one day's interest is not a nugatory sum which can be written off as if it did not exist. This applies a fortiori to lead managers, who may he bringing out \$200m at a time. If brokers or dealers protest on their clients' behalves or simply refuse to pay for the additional day, they are told: "Either you deal on our terms in this market or you don't deal with us at all." Implicit in this attitude is the dangerous assumption that "muscle" can choose to ignore a changed system irrespective of whether it is wrong to do so, and irrespective of the new system's universal application. Graham Atthill-Beck.

22, Woodgrange Avenue, W5.

interest in the first year.

You've got a young family, a big mortgage and you're paying a fortune in taxes.

The way things are, it'll be a lifetime before you can afford to enjoy the life you really want to lead. And as far as you're concerned that's a lifetime too

Maybe you haven't got the capital now, but if you can make regular savings then Equity & Law have the plans

foryou. One, the Open-Ten Plan, can give you a lump sum, to

spend as you will, in just ten years. Another, the Executive Investment Plan, allows you to enjoy your savings in ten years, or longer should you wish. Because the longer you save, the more you'll benefit

from our team of money managers.

Both plans allow you to arrange your own mix of investments (there are nine funds to choose from) or just

Whatever, your money can gain from premium relief as well as our investment experience and success. We've been looking after people's money for 138

years and our assets of over £1,000 million prove we're quite good at it. With Equity & Law you'll find enjoying the benefits of

that elusive lump sum not so very far away.

Just talk to your investment adviser or contact our Marketing Information Services on 0494 33377.

From there on it's plain sailing. Equity & Law Life Assurance Society plc, Amersham Road, High Wycombe, Bucks HP135AL



Social acceptance of new technology From Messrs. D. Parrish

and C. Painter

Sir.-Developments in technology are directed towards the reduction of human involvement. Computer - controlled machines will eventually manufacture and assemble complete products. There appears to be no limit to what can be achieved. New technology will inevitably lead to the unmanned factory.

To reflect the flexibility of such automated systems the human response must be inclined towards flexible hours. manning and labour systems.

Even the ultimate unmanned factory will, however, require some human contribution. New products will still need to be conceived. Factories will still be required. Even when computers are running computers, the original program will still need to be compiled, tested and input to data banks. The human element might only be that contributed by a computer programmer or the hand that presses the start button, but that

hand will still be there. With such a prospect what stance should unions adopt? Their approach must be to wel-

come all new advances and with them the benefits. No union should seek to resist any technology that frees people from work that could be performed by machines.

They must, however, he prepared to fight to ensure that the result of this second industrial revolution is a social manufacturing system (SMS) that benefits the whole of society.

Unions must re-analyse the entire work ethic. Should a person who sits and presses buttons be paid more than the person who performs socially necessary community work? The unions must make certain that there is nseful employment for all and that for it they receive a fair share of the

People must be retrained for the new automation. New technology must be viewed as freeing people from the production process rather than causunemployment. This cannot mean a descent into idleness but freedom to perform those social tasks now carried out by unpaid volunteers. New technology will produce the wealth whereby those carrying out such can be adequately tasks rewarded.

The advance of technology should be at the pace and direction agreed by unions and managements. The application of technology should always be socialistic and any system for 216, Chiswick Village, the manufacture of products Chiswick W4.

that eventually prevails should he socially acceptable, ie, SMS. D. J. Parrish. C. W. Painter Thanet, Mill Lane, Nootpit, Suffotk.

Current cost accounting

From Mr A. Tomkinson Sir,-In his letter of May 18, Professor Myddelton claims that "current purchasing power accounting is a system of accounting for inflation," whereas it would surely be more accurate to say that it is a system of accounting for general inflation, the difference is crucial and lies at the heart of this aspect of the inflation accounting dehate.

For all its undoubted shortcomings, current cost accounting does at least attempt to provide management and investors with a measure of the impact on a company's operating capability of changes in prices which are specific to its business. Should we really ahandon such a system for one which, by using the Retail Price Index, would adjust historical cost accounts for (inter alia) changes in the level of mortgage repayments and tube fares? Alan Tomkinson.

Aveling Barford cuts loss

DESPITE world-wide over-capacity creating intense pressure on margins, rationalisatico programmes and actions to improve efficiency during 1981 have brought a 51 per cent reduction in the year's trading losses, before extraordinary items, from £4.9m to £2.4m, at the BL construction equipment subsidiary Aveling-Barford, Turnover remaioed roughly unchanged at £29m, compared

The second year of the company's recovery programme has continued to be affected by the recession, but Mr Roger Lockwhod, managing director, says that while he sees no short-term increase in demand he anticipates that actions already taken together with further rationalisation will restore the company to profitability within the third year of the programme.

During 1981 asset management programmes showed "significant success" with the geographic of a net positive cash flow in excess of £3m.

The company's UK base was severely constrained by lack of severely constrained by lack of private sector investment and by central and local government expenditure controls. Additionally finaocial instability in much of the third world, political uncertainty in areas of the Middle East and a deepening according to the firm of recession in Europe, eroded large traditional markets for the

Benlox pref. rights: pays 0.5p dividend

Beniox Holdings, the building contractor, is making a rights issue of 936,000 S per cent convertible cumulative preference shares of £1 each at nar, on the hasis of one new preference share for every five ordinary

The directors have irrevocably undertaken to take up in full the 95,400 preference shares to which they are entitled. The halance of the Issue has been underwritten by Dawnglen Finance, a company controlled by Mr M. A. C. Buckley, the

chairman.

The company has also announced that Irading profits rose to \$48.218 for the 10 months accounting period to end 1981, compared with £34,390 for the previous year. The dividend is unchanged at 0.5p net per 10p

Turnover for the 10 months increased to £1.45m (£0.72m for year). There was a tax credit of £9.000 (£3,000 charge) and minorilies this time of £3,510. Extraordinary debits decreased from £61.346 to £35.050.

RECENT ISSUES

EQUITIES

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FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually lest day for dealing free of stemp duty. & Figures based on prospectus estimate. d Oividend rate paid or payable on part of capital: cover based on dividend on full capital. g Assumed dividend and yield. I Indicated dividend: cover relates to previous dividend, P/E rotio based on intent onnual estimator. For relates to previous dividend, P/E rotio based on intent onnual estimator of payable or state official estimator for 1982. G Gross. T Figures estimated of payable or report evaluated. T Cover allows for conversion of sheres not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. § leased by very stander, § Officed to holders of ordinary chares se a "rights." "alisated by very of capitalisation. §§ Reintroduced. *I Issued in connection with reorganisation, marger or take-over. §§ Introduction. ☐ leased to learner protection children.

■ Allement letters (or fully-paid). © Provisional or pertly-paid alletment letters. ★ With Warrante. †1 Ooslinge under special Rule. ♣ Unlisted Securities Market. †1 London Listing. † Effective issue price after early. † Formerly dealt in under Rule 163(2)(a). △ leaved free as an antitlement to ordinary holders.

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Oriflame sees further growth

Luxembourg-registered cosme-tics group, is lo raise £5.2m by Bble success of adapting the an offer for sale of its sbares. The group's main activity is the manufacture and sale of its own brand of cosmetics via a network of direct sales agents. About 37 per cent of group sales in 1981 were made in the UK.

Since its formation the group has prepared its accounts in U.S. dollars and will continue to do Orifiame's sbares are not listed on any other stock

The directors forecast in the prospectus that profits before tax, to the year to December 1982 will be approximately \$6.76m (\$3.84m) and earnings per share \$1.16 (\$0.97).

The offer, made by Morgan Grenfell and Blyth Eastman Paine Webber consists of 886,634 sheres of \$1.50 at 600p a sbare— 16.25 per cent of the issued capital after the offer—capitalising Oriflame at £32m. Brokers to the offer are de Zoete and

The application list will be open from 10 am on Thursday May 27. Application will be made for the shares to be listed on the Stock Exchange. Dealings are expected to start on June 3.

Hambro Life funds up by £300m

Total funds of Hambro Life Assurance rose nearly £300m last year to £1.35bn, Premium income climbed by one-third to £320m, while investment income improved 15 per cent to £104m. However the increase in the value of investments last year was only £56m against £104m in trading has so far been conduc-ted in that currency — the 1982 profit forecast would bring the previous year. Claim payments topped the £100m mark

th new areas such as the Far East. A possible drag on profits, however, may result from the planned purchase (for \$1.6m) nf an as-yet unprofitable U.S. associate company. A feature of the issue which may prove for the first time rising 4 per cent to £102m. Commission payments were 30 per cent bigher at £37m attractive is the availability of bearer shares, on which divi-dends are collectable in dollars: As already reported, the actuarial surplus last year in-UK registered shareholders are creased nearly 20 per cent to £16.76m of which £15.1m was to get their remittances in sterl-

transferred to profit and loss.

The report shows that the company's managed fund, one of the first in the field, now stands at more than £400m, while its property fund bas assets of over £330m. Pension funds within the company now tutal £500m and the company's executive pension plan for controlling directors and key executives has become a market leader.

Myson earning power 'unimpaired'

While the assets of Myson Group was severely eroded during 1981, with capital and reserves falling from £11.9m to f4.6m, the earning power of the group has not been impaired and ibe balance sheet now reflects a "lean and clean " situation on which to build, Mr R. A. Wheeler, chairman, says in his annual statement.

As reported on May 8 this beating and ventilating equipment manufacturing group increased taxable losses from £3.43m to £7.12m in 1981 and omitted dividend payments.

During the year Barclays Bank "enabled the group to continue trading" by subscribing £3m by way of preference capital and by restructuring its facilities into a 10-year loan of £10m and an over-draft of £5m. The auditors point out that the accounts bave been prepared on the basis that the group's hankers continue to pro-vide facilities on existing terms

Looking to the current year Mr Wheeler says the benefits of price increases, cosl cutting and other savings began to emerge in the first quarter and a significant profit was made after interest.
The second and third quarters

party-plan method of direct sell-

ing (pioneered by Tupperware)

to the distribution of cosmetics.

Accounting in U.S. dollar terms

—though little of the company's

have historically been quieter periods for most group companies with improved trading in the last quarter. The outlook continues to show promise he says.

Mecting: 100 Old Broad Street,
EC, June 11, 11.00 am.

Construction **Holdings**

Taxable profits of investment trust Construction Holdings advanced from £96,147 to £101,452 in the first balf to March 31, 1982.

The loterim dividend is being raised from 5.69 to 5.95 p not per 200 share with earnings per

vide facilities on existing terms for the foresecable fulure.

As a result of the decline in capital and reserves the ratio of borrowiogs permitted under Myson's articles have been exceeded and an EGM is being beld to vote on increasing the stated from 5.5p to 5.5op net per 20p share, with earnings per 5.5p to 5.5op net per 20p share, with earnings per 5.5p to 5.5op net per 20p share, with earnings per 5.5p to 5.5op net per 20p share, with earnings per 5.5p to 5.5op net per 20p share, with earnings per 5.5p to 5.5op net per 20p share, with earnings per 5.5p to 5.5op net per 20p share, with earnings per 5.5p to 5.5op net per 20p share, with earnings per 5.5p to 5.5op net per 20p share. With earnings per 5.5p to 5.5op net per 20p share, with earnings per 5.5p to 5.5op net per 20p share. With earnings per 5.5p to 5.5op net per 20p share. With earnings per 5.5p to 5.5op net per 20p share. With earnings per 5.5p to 5.5op net per 20p share. With earnings per 5.5p to 5.5op net per 20p share. With earnings per 5.5p to 5.5op net per 20p share. With earnings per 5.5p to 5.5op net per 20p share. With earnings per 5.5p to 5.5op net per 20p share. With earnings per 5.5p to 5.5op net per 20p share. With earnings per 5.5p to 5.5op net per 20p share. With earnings per 5.5p to 5.5op net per 20p share. With earnings per 5.5p to 5.5p to 5.5op net per 20p share. With earnings per 5.5p to 5.5p to

FT Share Information

The following securities have been added to the Share In-formation Service. Cass Group (Section; Electricals). Leisure Industries (Leisure). Nabisco Brands (Foods). Toshiba (Electricals).

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222	Banco Exterior	302
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	Bance Zaragoza	245
	Oragados	147
	Espanole Zinc	69
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PENDING DIVIDENDS TIMETABLE

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus") have been officially published. It should be emphasised that dividends to be declared will not necessarily be

at the amounts in the	e column head	deciared will not ne ded "Announcement l	ecessarily be ast year."
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*CualityJune 2	Final 28	*RHPMay 27	Interim 2.0
Cohen (A.)June 11	Final 4.9	RedlandJune 25	Final 4.67
*CourteuldsMay 27 Oswson IntlJuno 17	Final 1.0 Final 5.25	*Rood IntlJune 7	Final 9.0
*Da La RueJuns 2	Final 14.4	RenaldJune 25	Final nil
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ClaysJune 17	Interim 2.7	600 GroupJune 11	Fing/ 2.91
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Industrial:June 15	Final 3.3 Final 4.0	Stead and SimpeonJuly 1	Finel 2.5
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GranadaJuly 1	Interim 1.75	Tesco Stores Juno 17	Final 1.65
Great Portland		Town and City	
EnlatosJune 10	Final 4.0	PrepsJuly 3	Final 0.01
Guinness (A.) June 12	Interim 1.575	Trusthouse	
Hambros Juno 23	Finel 160.0	ForteJune 25	Interim 1.5
Hanson TrustJune 10	interm 4.25	USMMey 28	Final 1.0
Harrisons and		WadawoodJune 19	Final 2.425
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M. J. H. Nightingale & Co. Limited

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12,648	Bardon Kill	207	÷ 3	9.7	4.7	10.0	12.2
1,325	CCL 11pc Conv. Pref	107		15.7	14.7	. ==	_
4,189	Cindico Group	265		25.4	10,0	10.7	12.0
4,720	Oeborah Services	61	- 1	8.0	9.8	3.0	5.7
4,047	Frank Harsell	127	- 2	6.4	5.0	11.4	23.5
10.835	Frederick Parker	75	- 1	6.4	8.5	3.8	7.3
936	Guarge Bleir	54	_	. —	_		_
3,980	Ind. Precious Castings	98	- 1	7.3	7.4	7.0	10.7
2,592	leie Conv. Pref	108	- 1	13.7	14.3		-
2,555	Jackson Group	101	+ 1	7.0	6. 9	3.2	7.2
15,734	James Surrough	114	÷ 1	8.7	7.6	8.3	10.5
2,42B	Robert Jenkins	238	- 4	31.3	13.2	3.3	B.4
3,420	Scruttons "A"	67	_	6.3	7.9	12,9	12.0
3,881	Torday & Carlisic	159	. —.	10.7	6.7	5.1	9.6
3, G3 8	Twinlock Ord	1412	+ 04		_		_
2,184	Twinlock 13oc UL5	80	_	15.0	18.8		_
2,815	United Holdinge	25	. —	3.0	12.0	4.5	7.8
10,630	Walter Alexander	84	÷ 2	6.4	76	5.5	9.7
5,414	W. S. Yestes	232	_	14.5	6.3	6.1	12.1

King & Shaxson PLC

Statement by the Chairman, Mr. T. S. Hohler, M.C. for the year ended 30th April 1982.

The volatile conditions foreshadowed in my last statement dictated an extremely cantious policy which enabled your Board to announce a very satisfactory profit at the interim stage, despite a net increase in Clearing Bank Base Rates of 3½ points from 12% to 15½%. Your Company was well placed to take full advantage of the subsequent decline in rates, and the profit for the full year, amounting to £1,077,590 after provision for rebate, tax and transfer to Inner Reserve, confirms your Directors' optimistic statement at the half year

Your Directors recommend that a final dividend of 5.5 pence per share, making a total of 6.5 pence per share, be paid on the Ordinary Capital, an increase of 13% over 1981. A transfer of £200,000 has been made to General Reserve which now stands at £3,000,000.

On March 19th the sale was announced of your Subsidiary Company, King & Shaxson Fund Managers Limited, to the Britannia Group of Unit Trusts. Mr. James Parrish has joined the Britannia Group and has accordingly resigned his directorship of King & Shaxson PLC. We extend our best wishes to him for the future.

The year has seen substantial changes in the Bank of England's open market operations and the extension of eligibility to a much wider range of banks. Another greatly increased turnover in commercial paper is reflected in a rediscount liability of £724 million against £375 million last year, it is to the credit of both management and staff that they handled the additional workload with such skill and accuracy, and it is once again my pleasure to extend my thanks to them all,

Copies of the 1982 Annual Report and Accounts may be obtained from The Secretary, King & Shasson PLC, 52 Cornhill, London EC3V 3PD.

Creditanstalt

Creditanstalt-Bankverein

U.S. \$40,000,000

Floating Rate Notes 1984

Notice is hereby given pursuant to the Terms and Conditions of the Notes that

for the six months from

24th May, 1982 to 24th November, 1982

the Notes will carry an interest rate of 15% per annum.

On 24th November, 1982 Interest of U.S. \$76.67 will be

due per U.S. \$1,000 Note for Coupon No. 11.

European Banking Company Limited

(Agent Bank)

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

It does not constitute an invitation to the public to subscribe. for or purchase any securities.

TRUST SECURITIES HOLDINGS PLC

Incorporated in England under the Companies Acts
1948 to 1981 Registered in England No. 1107536

SHARE CAPITAL Issued and

fully paid Anthorised in Ordinary Shares of 10p each 665,000 in Deferred Convertible Ordinary Shares 1,995,000

Application has been made to the Council of The Stock Exchange for the whole of the issued 6,550,000 Ordinary Shares of 10p each and the 19,950,000 Deferred Convertible Ordinary Shares of 10p each to be admitted to the Official List. Particulars relating to the Company are available in the Extel Statistical Services and copies may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 7th June, 1982, from:—

Antony Gibbs & Sons, Limited 3 Frederick's Place,

Laing & Cruickshank The Stock Exchange, London EC2N 1HA

Northgate House, Copthall Close,

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12,13₆₂

Public Works Loan Board rates

Effective May 15 Over 6, up to 7..... Over 8, np to 8...... Over 8, np to 9...... Over 9, up to 10 ... Over 10, up to 15... Over 15, up to 25...

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. † Repayment by balf-yearly annuity (fixed equal balf-yearly payments to include principal and interest). § With half-yearly payments of interest only.

LOCAL AUTHORITY BOND TABLE

Anthority _(telephone number i		Minimum of Sum bond
owsley (051-548 6555) .	%. 131 i-year	£ Year 1,000 4-8

FINANCE FOR INDUSTRY TERM DEPOSITS.

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years.

Interest paid gross, half-yearly. Rates for deposits received not later than

28/5/82
Terms (years) 3 4 5 6 7 8 9 10
INTEREST % 131 131 131 131 131 131 132 Deposits to and further information from The Treasurer, Finance for Industryplc, 91 Waterloo Rd., London SEI 8XP (01-928 7822, Ext. 367). Cheques payable to "Bank of England, 2/c FFI" FFI is the holding company for ICFC and FCI.

International Construction, Mechanical Engineering, Manufacture and Distribution of Construction Industry Instruments and Products. Property Development and Investment.



24th May, 1982

Salient points from Mr. Philip Beck's statement to shareholders

*Group turnover up by 13% to £271m, of which £77m was overseas.

* Profit before tax rose 24% to £7.8m.

*Dividends increased by 10% to 9.625p per share net

* Shareholders' funds stand at £44.5m. including £5.2m raised by the recent rights issue.

*Selective investment opportunities continue to be sought in the UK and overseas.

*The UK building and civil engineering divisions improved profits and margins, despite adverse trading conditions.

*A \$283m contract was awarded by the US Navy for work on Diego Garcia in joint venture with Raymond International and Brown & Root.

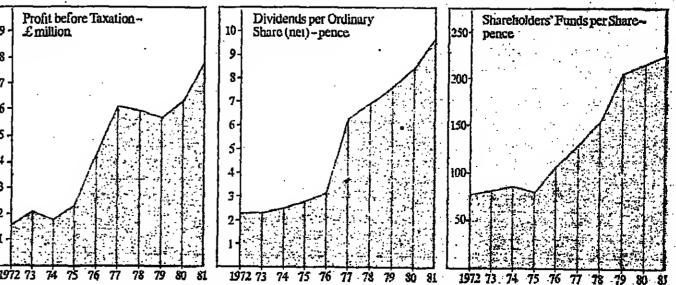
* Profits from engineering products included the first full year's figures from Soiltest (USA), which were above target.

*The Group's forward workload at end-March 1982 stood at £254m, of which £71m is overseas, and is stable.

*Outcome for 1982 is again expected to be satisfactory.

Summary of Results	1981 £m	1980 £m
Turnover	271.0	240.0
Profit before taxation	7.8	6.3
Profit after taxation and extraordinary items Shareholders' funds	6.1 44.5	6.1 35.8
Earnings per share	34.5p	30.8p
Dividend per share (net)	_	8.75p
Shareholders' funds per share	225p	216p

TEN YEARS OF GROWTH



Copies of the Annual Report, containing the Chairman's Statement in full, may be obtained from the Socretary, Westgate House, Ealing Road, Brentford, Middlesex TW800Z The Annual General Meeting will be held on 14th June, 1982.

John Mowlem & Company PLC

THE TRING HALL **USM INDEX** Tel: 01-638 1591

 $122.5 (\pm 0.3)$ Close of business 21/5/82 BASE DATE 10/11/80 100 LADBROKE INDEX Close 557-562 (+5)

_____, ______,

مكذا مدلكول

CREDITS

Mexico and Bolivia jar already frayed nerves

DEVELOPMENTS in the Euro-credit market at the end of last week were hardly designed to calm the nerves of bankers aready frayed by the military escalation of the Falkland Islands dispute between Britain

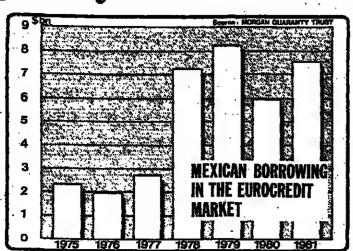
Mexico added to wornes about its over tretched finances with a request for a \$1bn bridging loan from lead managers of es current \$2.5bn Eurocredit and, in what several bankers describe as a serious threat to the debt rescheduling agreed last year, Bolivia said it could not meet payments commitments due to international hanks next month.

Bank of America, which is co-ordinating the Mexican credit, says there is nothing particularly unusual about its request for bridging finance. The credit was delayed slightly ecause of general uncertainty in the financial markets, it says.

Bankers in Mexico City suggest that Mexico needs the funds early to bolster its reserves, which at the end of last year totalled \$10.7bn. Mexico does not report regularly on its reserve position, but an official figure is generally published at each annual bankers' convention and this year's convention starts in a reek's time in Acapulco.

But there seems to be no getting away from the fact that Mexico's request for the finance underlines its very tight cashflow situation. It is now offi-cially admitted that its gross borrowing requirement in 1982 will be between \$25bn and \$28bn which means the country has to raise between \$2.2bn and \$2.6bn a month from now on. Bolivia's shortage of foreign exchange is believed to be due to it inability to discount proceeds of natural gas sales to Argentina because of the Falklands crisis. Bolivia is expected to call a meeting of its interpational bankers to discuss its

cash flow situation. The patience of the international banking community has been steadily dwindling since Bolivia has persistently failed to agree a stabilisation programme with the International Monetary Fund following an agreement to reschedule some \$450m in commercial bank debt cern, CRA. The credit on an last April. But banks have unspecified margin, has been



French state electric utility

EDF bas arranged a Y10bn syn-

dicated credit through Nippon

Credit, the first yen loan to a French entity, while Irish Tele-

communications Investments

made its debut in the market

with an eight-year \$54m credit bearing a split #-1 margin and

led by Orion Royal and Ulster

Romania has meanwhile asked

banks to top up a \$300m multi-currency credit arranged

through Barclays Bank Interna-

Investorent Bank.

tional in 1978.

has made debt service payments punctually.

Later this week attention will focus on Venezuela which is also seeking a credit of around \$2.5bo. Banks will be meeting to discuss the operation in Frankfurt on Wednesday amid signs that the credit could meet some resistance because of Venezuela's outspoken support for Argentina in the Falklands

Some banks are worried that Venezuela might be planning to help Argentina financially. although the proceeds of its \$2.5bn loan could not be used for that purpose. Under the country's public credit law they are to be used to consolidate short-term debt.

Meanwhile there was little new business announced in the Eurocredit market last week. In Latin America a group of banks led by Chase Manhattan has been awarded a mandate to raise a \$100m credit for the oil concern ENAP of Chile, although the terms bave not yet been finally agreed.

In Europe banks bave been invited to bid on a new \$250m package for Greece's Public Power Corporation which will comprise a Eurocredit of \$210m and a private placement of securities totalling \$40m. Interest is expected to be keen following the success of Greece's latest \$550m credit.

Other new business includes a \$175m; seven-year credit for the Australian resources constood by the rescheduling agree-ment because until now Bolivia ordinated by Bank of Tokyo.

INTERNATIONAL BONDS

Heavy calendar for West Germany

WEST GERMAN bankers agreed lng of the Association of Interone of their beavicst calendars national Bond Dealers. of new foreign bond issues ever at a meeting in Frankfurt on

Between now and the end of June they plan to bring around 20 issues to the market for a total value of DM 1.83bn. This compares with a calendar of DM 1.65bn for the period mid-April to mid-May.

Bankers in Frankfurt said they were hoping that the market would continue to move higher in June once it has overcome its recent period of consolidation. But to ward against excess they agreed that no single bond would be for more than DM 100m and private place-ments would be limited to DM 75m

An exception to this rule would be a DM 150m issue planned for the Inter-American Development Bank next month. Meanwhile the new calendar got off to an immediate start with the launch of a DM 100m, ten-year 83 per cent issue for the Council of Europe. Today should see the launch of a DM 100m bond for the Mexican electric utility Comision Federal de Electricidad through WestLB. The meeting to set the new D-Mark calendar was one of the few "events" in the inter-national bond markets last Peter Montagnon week with many dealers absent in Venice for the annual meet-

Very quiet trading was reported in all major sectors with fixed interest Eurobonds shed-

ding i point during the week Those dealers who were at their desks pointed to some continuing underlying worries about short-term interest rates and the Falkland Islands crisis. The market was also unsettled by the losses announced by Chase Manbattan in connection with its involvement with Drysdale Securities, the U.S. Govern-

ment securities trading firm. Another French state bor-rower braved the floating rate note market on Friday, bowever. with a \$250m, ten-year issue for Credit d'Equipement des Petites et Movennes Entreprises, which lends to small business. Led by Banque Nationale de

Paris this bears a margin of a per cent over six-month Libor. but a feature is that commissions makes the issue one of the finest priced floating rate notes yet seen for a French state Elsewhere the ECU issue for

Hydro Quebec was increased by ECU10m to ECU50m by lead managers Kredizbank claim this is the first time there has been aubstantial demand for ECU denominated bonds outside the Benelux countries.

AIBD MEETING

The coming of age of the Euromarket

THE EURODOLLAR bondmarket is preparing itself for a heavy June calendar of new lssues despite an atmosphere of continuing uncertainty over the trend of short-term interest rates. This was the consensus view among bond traders and new issue managers attending last week's annual meeting of the Association of International Bond Dealers (AIBD) in Venice.

The mood on the terrace of the Hotel Excelsion Lido was one of caution as to the ability of the market to absorb the billions of dollars worth of borrowing waiting to be launched. But the Venice conference, which drew more than 1,400 participants, also reflected the coming of age of the Euro-market.

Delegates pointed with pride o the fact that Eurobond new issue votume during the opening months of 1982 has surpassed that of the U.S. bond market, excluding Treasury offerings. "We must be doing something right," declared Mr Michael son Clemm, chairman of Credit Suisse First Boston.

In the period from January through mid-May, the Eurobond markets saw 300 new issues, totaling \$30bn, against 1981 comparable volume of \$9bo and 150 issues. Among the highlights of the

Venice conference was the election of a new 17-member AIBD board on Friday. Eight board members decided not to again, including Mr stand Rupert Hambro, the chairman, and Mr Walter Koller, vice chairman. Mr Koller, of Credit Suisse, had served for 13 years, birth of the the

organisation. chairman was The new expected to be Mr Damien Wigny of Kredietbank Luxembourg. Other new members elected on Friday were Mr Gian Carlo Arduino, Mr Maurice Armand, Mr Cees Byloos, Mr Osama el Ansari, Mr Peter Luthy, Mr Pier-Luigi Quattro-pani, Mr Klaus Roehricht, and Mr Lutz Thieroff.

The Venice conference approved several new resolutions, including one changing the statute of the AIBD in order to allow a new form of associate membership which would be open to central banks, clearing bouses such as Cedel and Euroclear, and others. Seven years ago the association bad some 200 member institutions; today the number is around 600.

Although the AIBD is often

accused of being a social club it has created a framework of regulations over the past decade which have influenced market bebavour in so far aa this is feasible in an unregulated

The organisation has not been able to deal with the new issues aide of the market. It was sig-: nificant therefore that the conference voted on Friday to institute a rule governing the behaviour of issuing houses.

The rule itself, relating to agents for issuers of convertible debentures, was not as important as the factt hat the AIBD was edging towards a more formal interest in the primary side. The proposal was passed by a sizeable majority, but 39 members abstained, illustrating the. reluctance of many to attempt. any regulation of issuing bouses. The other noteworthy propo-sal adopted by the conference was a membera' resolution on debt re-scheduling, spearheaded; by Mr S. M. Yassukovich of the

European Banking Company, and signed by 25 members. The proposals is designed to strengthen the position of bond bolders in debt re-scheduling. Mr Yassukovich said the cases of Costa Rica, Poland, and Mexico's Alfa group ahowed how-bond holders could be discriminated against. The resolutionputs bonds on a more equalfooting with syndicated loans and protects holders of bearer bonds from being forced to identify themselves.

Alan Friedman

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %	Borrowers	Amount m.	Maturity	Av. life years	Coupon	Price	Lead manager	Offic yield %
U.S. DOLLARS Illinois Power‡ Florida Tel. Kollmorgen§	50 65 20	1989 1989 1997	7 7 15	14 1 . 15 9/9 1	99½ *	Smith Barney Merrill Lynch, CSFB,	14.679	D-MARKS Bowater! Helsinki! Barclays Bank Intl. Citizen Watch**\$!	50 50 100 30	1989 1992 1994 1989	7 7½ 12 6½	81 81 81 61	99 1 921 100	BHF Bank BHF Bank Dresdner Bank Bayr, Landesbk.	8.598 8.992
Philip Morrist	200	1994	. 12	0	221	SG Warburg Lehman Bros. Kuhn Loeb),	Council of Europe	100_	1992	. 8	81	*	Nikko Secs. BHF Bank	6.750
Ottawa Carlton!	40	1997	7.9	143	99	Goldman Sachs Wood Gundy	13.340 14.920 7.0004	SWISS FRANCS Ind. Fund of Finland‡	30	1992	_	62	100	Banque Gutzwiller, Kurz, Bungener	6.750
Bank of Baroda†‡ PK Christiania Fin.†‡ Credit d'Equipement des Petites et Moyennes	30 10	1989 1992	10	7ф 7ф	100 100	Lloyds Bank Intl. Mitsui Trust Bank	7.000Φ 7.000Φ	Okai Electric**§ Lonrho	50 80	1987 1992	. -	61	*	SBC Banque Keyser Ullman, Kredietbank Suisse, Nordfinanz-Bank	*
Entreprises†‡	250	1992	10	21/4	100	BNP, Bank of Tokyo, Morgan Stanley, Nat.		New Zealand	100	1992/4			*	UBS	6.125
Orient Leasing§	20	1997	15	•	100	Bank of Abu Dhabi Daiwa Secs., Morgan Guaranty	5.250Φ •	GUILDERS EIB‡ ECUs	200 50	1992 1989	10	10 13 1	99 100	Amro Bank Kredietbank	10.164 13:500
CANADIAN DOLLARS Bell Canada	100	1989	7	15}		UBS Secs.	*	Hydro-Quebec‡ YEN Australia‡	20bn	1992	10	8	99.95	Nomura Secs.	8.007

Not yet priced. 2 Final terms.
 Plecement. 1 Floating rate note.
 Minimum. 5 Convertible. Note: Yields are calculated

All of these Securities have been sold. This announcement appears as a matter of record only.

U.S. \$125,000,000

Shell Canada Limited

14%% Debentures Due 1992

UNION BANK OF SWITZERLAND (SECURITIES

MORGAN STANLEY INTERNATIONAL

WOOD GUNDY LIMITED

ALGEMENE BANK NEDERLAND N.V.

AMRO INTERNATIONAL LIMITED

ARAB BANKING CORPORATION (ABC)

DEUTSCHE BANK AKTIENGESELLSCHAFT

KUWAIT INVESTMENT COMPANY (S.A.K.)

This announcement appears as a matter of record only. The Bonds were offered and sold outside the United States of America.

U.S. \$100,000,000

SEK

AB Svensk Exportkredit (Swedish Export Credit Corporation)

143% Bonds Due May 15, 1990

Goldman Sachs International Corp.

Credit Suisse First Boston Limited

Morgan Stanley International Svenska Handelsbanken

Auro International Limited

Skandinaviska Enskilda Banken Crédit Commercial de France

The Nikko Securities Co., (Europe) Ltd. Union Bank of Switzerland (Securities) Limited

Manufacturers Hanover Limited

S. G. Warburg & Co. Ltd.

Westdeutsche Landesbank Girozentrale

Al-Mal Group

Sparbankernas Bank

Alahli Bank of Kuwait (K.S.C.) **Arab Banking Corporation** The Bank of Bermuda, Ltd. Bank Leu International Ltd.

Bayerische Vereinsbank

Citicorn International Group

Copenhagen Handelsbank A/S

Richard Dans & Co. Bankiers

European Banking Company Handelsbank N.W. (Overseas)

LTCB International Limited

Nomera International

Orion Royal Bank Limited

Strauss, Turnbull & Co.

Vereins- und Westbank

May 24, 1982

Nederlandse Credietbank N.V.

Salomon Brothers International

Smith Barney, Harris Upham & Co.

Kuwait Investment Company (S.A.K.)

Banque Générale du Luxembourg S.A.

Banque de Neuflize, Schlumberger, Mallet

Banque Populaire Suisse S.A. Luxembourg

Blvth Eastman Paine Webber International

Chase Manhattan Capital Markets Group

Algemene Bank Nederland N.V. Arnhold and S. Bleichroeder, Inc. Bank Gutzwiller, Kurz, Bungener (Overseas)

Bank Mees & Hope NV Bank of Tokyo International

Banca del Gottardo Banque Bruxelles Lambert S.A.

Banque da l'Indochine et de Snez-Banque de Paris et des Pays-Bas Banque Privée de Gestion Financière

Banque Internationale à Luxembourg S.A. Banque de Paris et des Pays-Bas (Suisse) S.A.

Bergen Bank

Banque de l'Union Européenne Banque Worms Baring Brothers & Co., Bayerische Hypotheken- und Wechsel-Bank Bayerische Landesbank Girozentrale Berliner Handels- und Frankfurter Bank

B.S.L Underwriters

Chemical Bank International Group

Cazenove & Co. Christiania Bank og Kreditkasse Continental Illinois

Compagnie de Banque et d'Investissements, CRI County Bank Creditanstalt-Bankverein

Deutsche Bank Dresdner Bank

Girozentrale und Bank der Österreichischen Sparkassen Istituto Bancario San Paolo di Torino Japan International Bank Krediethank S.A. Luxembourgeoise

Kuwait International Investment Co. s.a.k. Lehman Brothers Kuhn Loeb International, Inc. Samuel Montagu & Co. Morgan Gnaranty Ltd

Merrill Lynch International & Co. Nippon Credit International (Hong Kong) Norddeutsche Landesbank Pierson, Heldring & Pierson N.V.

Lazard Frères et Cie

Nordic Bank Privatbanken A/S

Sal. Oppenheim jr. & Cie. Rabobank Nederland Singer & Friedlander Société Générale de Banque S.A.

Société Générale

Swiss Bank Corporation International Limited Wood Gundy

Union Bank of Finland Ltd. Yamaichi International (Europe)

Nippon European Bank S.A.

US BONDS

Drysdale affair obscures market

Government Securities affair trading to a grinding halt. which had Wall Street teetering on the brink of furmoil last to shed much light on exactly what Drysdale was up to, because the firm's finances are Treasury and the SEC who bave heen called to testify, will doubtless he asked to address the big questions on everyone's mind: are there more Drysdales around, and if so what should be done about them?

The affair had all the makings of a full-blooded crisis which could have set off a string of defaults among Walt Street firms. Fortunately. Chase Manhatton Bank agreed to pick up the tab oo Drysdale's dehts.

U.S. INTEREST RATES (%)

which wilt amount to over nut of charity but out of fear that it would be blamed for any disaster hecause it had helped Drysdale amass its multi-billion dollar positions. But while this costly gesture will insulate Wall Street from whatever nasty surprices still lurk in the Drysdale portfolio, the affair has left the markets jittery and anxious for information. The sharp jump in the money supply on Friday was an extra jab they could have done without.

As is usual when fears of a market cruncb loom, traders and investors responded to the crisis by fleeing into quality short-term securities. in this case Treasury Bills. Threemonth hill yields declined by almost I per cent in mid-week, to about 11.50 per cent, thetr lowest point this year. But the flight alsu drained other parts of the market, weakening bond prices and pushing up yields on longer dated securities. One of the market's major fears was that Drysdale's huge hond posltions (\$4.5hn net according to

THE SENATE is to hold hear it wound up to complex ings tomorrow on the Drysdale repurchase deals1 would bring

Fortunately the Fed acted swiftly to supply liquidity to week. While they are unlikely the markets and even offered to lend securities to traders who found themselves in difficulty. The much-feared "gridlock" still being untangled, the officials did not materialise, and after from the Federal Reserve, the Chase and the other two hanks involved with Drysdale paid off hegan to get back to normal.

But though disaster was avoided, the crisis has raised serious questions about the lack nf regulation in the government Drysdale showed, small outfits can apparently construct dizzyingly high trading pyramids not just on a small capital base but using horrowed bonds. Experienced traders blame the growth of Drysdale-type firms on high and votatile interest rates which offer apportunities for quick profit to nimbte-footed

Aside from briefly putting the fear of death into the market, the affair also obscured normal trading patterns and made it hard for dealers to discern exactly what the Fed was up to at what could prove to be a crucial juncture for monetary Were its massive policy. injections of liquidity alt linked to Drysdale, or did they signal an easing of credit policy as

The Fed happened to be holding its latest credit policy meeting on Tuesday (the very day the Drysdale affair broke) and some analysts were con-vinced by the end of the week tbat the Fed was willing to tolerate a build-up in reserves to take some of the pressure off short-term interest rates. These same analysts say it is no coincidence that the Fed funds rate, the key interbank rate through which the Fed influences the market, fell a Mr Donald J. Lloyd-Jones, a full percentage point during the senior American Airlines execu-week to 13.50 per cent. They live, as the Air Florida president believe that the Fed Is less concerned by the over-rapid growth in the money supply than Wall Street thinks. But comforting though this notion was, the markets did not like the \$2.3bn rise in M1 announced on Friday, and it remains to be seen whether rates can hold the lower levels they achieved last Wiltshier Interiors, is according lower levels they achieved last

David Lascelles pore, with responsibility for a director.

Occidental Petroleum plans cuts

BY OUR FINANCIAL STAFF

OCCIDENTAL PETROLEUM. the Californian-based oil com- of the cuts. Occidental would paoy, is heading for reduced only say that its chemical profits this year and as a result operations were already being severely affected by the moves. is planning major husiness cut-

tial" cuts in work force and expeoses could he expected this

Asked to elaborate on the size Partly as a result of losses in industrial chemicals and

The company, which experienced a sharp drop in 1982 earnings slide to \$62.1m in the first quarter carnings, told the annual meeting that "substan-standard a year earlier, Earnings \$1081 and year earlier. for 1981 as a whole totalled

Interest charges rose charply dividend was in no danger.

significant cash-flow expected

from the new refinery near Cat-gary and the 310 Turbo service stations across Canada. The re-finery is expected to be produc-ing gasoline and dlesel fuel by Jully, reaching capacity produc-tion tends by September.

Turho said audited revenues for 1981 were C\$559.8m up from

tion tevels by September.

-by \$10m to \$34.am. But the quarter's performance was also infinenced by the absence this time around of factors which inflated and distorted profits in the opening three months of

Despite the weak profits background, however, the company, which is headed by Dr Armaod Hammer, was 81 pains to stress that shareholders'

Dr Hammer told the meeting that the company expects to be a successful bidder for drilling rights when tracts are swarded later this year by China. Most of the terms for the proposed joint venture to develop a coal mine with China National Coal Development Corporation have

heen settled. Occidental has aiready ported on a feasibility study. Dr Hammer said: "I have every confidence that we will sign the final contract.

Losinger dips into red

BY JOHN WICKS IN ZURICH

LOSINGER, the leading con- SwFr 325m was accounted for struction company in Switzer- by contracts outside Switzerland, has slipped into the red land. The volume of new

Shareholders have now not received a dividend for five successive years. Turnover reached a record

for 1981 and will again not pay orders also hit a peak at SwFr been incurred, against a 1980 SwFr 558m (\$282m).
net profil of SwFrs 1.06m. The unsatisfactors

results are accounted for primarity by the recession in the U.S. construction industry, high interest rates and losses on SwFrs 689m tast year, of which Iranian business:

Wheeling-Pittsburgh asks Kobe Steel for mill finance

BY RICHARD LAMBERT IN NEW YORK

WHEELING-Pittsburgh Steel. the eight largest U.S. steel maker, has asked Kobe Steel of Japan to help it finance the construction of a new seamless steel pipe mill in the U.S. Kobe is considering the proposal from the financially stretched U.S. steelmsker, but says that any final decision is still some way

Last year, Wheeling disclosed that it had sought without suc- Kawasaki Heavy Industries and cess for equity capital from Nippon Steel.

Japanese and Korean steel producers. However, the company already has close financial and technical links with Japanese companies.

It is currently installing two continuous casters which are being bought from Japanese suppliers through Mitsubishi Corporation, which has arranged \$140m of supplier finance. It has also completed a new rail mill, "equipment huilt

Carolina Bank earnings upsurge

CAROLINA BANK, the London merchant banking arm of North Carolina National Bank of the U.S., reports increased profits £1.2m achieved for 1980. At the

Profits before tax and an exceptionst credit rose to £2.2m for 1981 and 8 fatter balance-net level, profits emerged at sbeet. fl.4m, against £478,000.

BY ROBERT GIBBENS IN MONTREAL TURBO RESOURCES an inte- C\$559m against C\$322m. graled oil and gas company based in Catgary, says it is close to ments in the refinancing is the

Bank rescue for Turbo

agreement with its hanks on a re-financing package.

The package involves debt re-payment rescheduling, re-deter-mination of debt, a company reorganisation, asset sales and cost

Top posts at

Hong Kong

Barclays Asia,

• Mr Peter Oodd, formerly assistant general manager of Barclays Bank International's

banking subsidiary of BBI, as managing director. Mr Michaet

Tomalin, formerly an executive director of Barclays Bank Inter-

national's Caribbean head office

in Barbados, has been appointed an executive director of Barclays

■ AIR FLORIDA has appointed

and chief operating officer from

June 1. He has been senior vice

president of operations for the past 10 years for American

Airlines. Mr Llevd-Jones replaces Mr Eti Timoner, who continues

as chairman.

Turbo's audited net toss in 1981 was C\$20.5m against 1980 net income of C\$13.6m or 64 cents a sbare. Revenues were C\$322.1m in 1980.

> seting up and developing WILT. • Mr Edmund M. Oilvier has named chief executive officer and SHIER INTERIORS in the Far East. He has been with Wiltsbier

six as managing director.

Sir Anthooy Tuke, retired chairman of Barctays Bank and currently non-executive chair-man of Rio Tinto Zine Corporation, has been appointed to the international advisory hoard of planning department at its head office in Londco, has been seconded to BARCLAYS ASIA, the Hong Kong hased merchant REPUBLICBANK DALLAS.

Mr John P. Harhin, Daltas, chairman of the hoard and chief Company, a director of Burlington Industries, Citicorp and Petrolite Corp, and Mr Arthur R. Taytor, New York. chairman, president and chief executive officer of RCTV (a pay cable television service), managing partners of Arthur Taylor & Corpany, New York and a disco-Company, New York, and a direc-tor of the Travellers Corp, First Boston inc, and Pitney Bowes inc, have been elected directors of THE LOUISIANA LAND AND EXPLORATION CO. The twn new directors reptace Mr Elliott Averett, deceased, and Mr E. J. Langhetce, Jr. retired All other directors have been

 BANDAG INC's president Mr Martio G. Carver has been elected chief executive officer a new position as managing director Far East, based in Singareplacing Mr Charles E. Edwards who continues as president and

INTERNATIONAL APPOINTMENTS

heen made vice-president, tech-nology, planning, and develop-ment, for DIAMOND SHAM-been sppointed as an additional ROCK CORP. Dallas. He has vice-president. planning



Mr E. M. Olivier

and development, since joining Diamood Shamrock in August responsibilities for the company's corporate research, engineering, new ventures, and energy affairs,
At AMERADA HESS CORP Mr Leon Hess is stepping down as chief executive officer but will remain as chairman. The presi-dent. Mr Philip Kramer, was

director on the board of WEEKS
AUSTRALIA. He is managing
director of Weeks Petroleum,
major sharebolder in Weeks

10r of Wecks Australia.

Mr Allen T. Melnnes has been appointed executive vice-presi
COMPANY, New York, as execudent of TENNECO INC. Houston.

NV BELEGGINGSMAATSCHAPPIJ WERELDHAVE, The Hague, will propose Mr H. A. A. Regeling and Mr L. O. Husken for nomination to the buard of management at the extraordinary Mr Ropeling was president or Wereldhave's American subsldiary, West World Holding Inc.
Mr Husken is an assistant direction of the board of CIBA-GEIGY, Basle.

NATOMAS COMPANY, San arising on the departure of Mr

Mr Riehard W. Bramlett has heen named president and general manager of LONG REACH MANUFACTURING, a division of Anderson, Clayton and Company, replacing Mr Wenzel A. Gandy who has retired. The division manufactures materials handling equipment. Mr F. Clair Willtams has been named vice-

president — transportation ser-vices for Gulf Atlantic Distribu-Massachusetts. Mr Charles W. Dieker has

been elected to the board of BEECH AIRCRAFT CORP, a Australia. Mr J. B. Harper ceases subsidiary of Raytheon Com-to be an alternate director for pany. He is senior vice-president Procon International Inc. Mr Neil Walford, managing director and treasurer.

tive vice-president and chief operating officer. The company is the remsurance subsidiary of Alexander and Alexander Services Inc. He was a senior vice-president, director and head of the New York office of E. W. shareholders' meeting on June 4. Blanch Company, a reinsurance Mr Regeling was president of broker.

> NATOMAS COMPANY, San
> Francisco, has appointed Mr finance and controller. He joins the company after eight years.
> Ambassador to Indonesia, as with Coopers and Lybrand, senior vice-president for interwhere he was oudit manager. national affairs, a new position established to strengthen Natomas's relations with Pacific Basin nations. He will he based in Singapore, and most recently was Adjunct Professor of Diplomacy at The Fletcher School of Law and Diplomacy of

● PROCON INTERNATIONAL INC. Des Plaines, has appointed Mr Harvey L. Weisenfeld vice-president operations—western hemisphere Hc will also serve. as president of Procon Inc. the general contracting subsidiary of

The first elected board of: G.I.E. CIMATEL, Nantes, is: Mr Jean-Claude Cornet, general manager of Citamel: Mr Marc Lassus, general manager of M.H.S.; Mr Pierre Fougere, presi-dent of M.H.S.; and Mr Bernard Girond, managing director of

Mr John Horswell, general manager in Spain for EXPLAURA GOLD, bas been appointed a director with overall responsibility for the Group's Spanish exptoration activities.
GALVESTON HOUSTON COMPANY has elected Mr David
O. Rodrigue vice-president,
finance and controller. He joins

where he was audit manager.

WESTERN AIRLINES has named Mr Andre C. Dimitriadis vice president finance and chief financial officer. Mr Dimitriadis is moving to Western from Air California where he has been vice president finance and chief financial officer since 1980.

All these Notes and Warranis have been sold. This announcement appears as a matter of record only



Crédit Commercial de France

US \$150,000,000 Floating Rate Notes Warrants to purchase US \$ 150,000,000 14 1/6 % Bonds due 1992

Issue Price of the Woles: 100% of the principal amount Issue Price of each Warrant: US S 15.00

Crédit Commercial de France Credit Suisse First Boston Limited

Al-Mal Group - Arab Banking Corporation (ABC) Bonk of America International Limited Bank of Tokyo International Limited

Dominion Securities Ames Limited • Genossenschaftliche Zentralbank AG - Vienna Kredietbank International Group

Merrill Lynch International & Co. • Morgan Guaranty Ltd •

Nomura International Limited . . Société Générale de Banque S.A.

Caisse des Dépôts et Consignations • CIBC Limited **Fuji International Finance Limited**

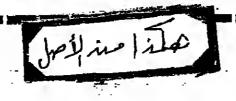
> Goldman Sachs International Corp. Manufacturers Hanover Limited Mitsubishi Bank (Europe) S.A.

Morgan Stanley International Salomon Brothers International

Sumitomo Finance International

Swiss Bank Corporation International Limited Westdeutsche Landesbank Girozentrale Williams & Glyn's Bank pla

New Issue + May 27, 1982



FT INTERNATIONAL BOND SERVICE EUROBOND TURNOVER

U.S. OOLLAR		Change on	Change on
	lacuad	aid Offer day wook Yield	YEN STRAIGHTS Issued Bid Offer day week Yle
Agura Lele 15 86.97 .	150	107 1024 -0 0 14.22	Asian Dov. 8k. 84. 91. 15 100's 1014 10 -0's 8.
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	75	071 DO) 101 101 10 10 10	
Ames 0/S Fm. 145 89		57', 58', +0', +0', 14.71	
APS Fin. Co 164 89	75	1031, 104 +01, -01, 15,26	Now Zestand 8's 87 15 100's 101's 0 -0's 8.
Asmco O.S Fin 154 86	50	1001, 101 +04, +04, 15.05	World Senk 81 02 20 100 101 0 0 8.
ATT 143, 80 .	400	1m 1 1024 +04 +04 13.75	Average price changes . On day 0 on week -014
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EL Ames. NT 5A 12 87	200	524 934 +04 +04 14.09	Change on
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Can. Nat Rad 14's 91	100	957, 1001, +01, 0 14.55	Ctd. Foncier 171, 89 CS 30 1991, 1001, 0 -01, 17.1
Chielina Power 161, 89	60	1041, 105 +01, +01, 15.27	Hildson Say 17 89 CS. 40 199% 100% 0 -0% 10.5
CIBC 15 87	160	1021, 1031, -01, -01, 15.03	Montreal 17 89 CS 50 11012 102 0 -02 15.1
Critora 0/5 15 84/82	100	1001, 1007, -01, -01, 14.54	Qireb Hydro 164 89 C5 50 1984 98% 0 -14 15.1
Carrors 0,5 15", 85/97	125	101 - 102 +04 0 14.51	Quebec Prov. 17 88 C3 50 11021 1031 0 +01 10.1
CHA 174 27	75	10114 1011 +014 +01 15,58	Simpsons 16% 89 CS 40 1974 98 -04 +04 17.3
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Dupon 0'5 '4', 29	400	1005, 1011, +01, +01, 14.23	
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ECSC 143 ST	50	994 995 0 0 14.82	Eurolima 10', 89 Fl 50 1m', 102', +1 +0', 10.5
	150	1m', 1m', +0', -0', 15.09	Phil. Lumps 101, 87 Fl 100 1011, 1011, 0 -01, 9.8
	50	984 984 +04 -04 14:85	Rabobank 12 36 F1 50 106's 107's +0's +0's 9.1
Can Elect Credit Col 52	400	29' 30' 0 -0' 13.11	World Bonk 10 B7 Fl . 150 987, 997, -01, -01, 70.2
	430	25', 26', -0", -1', 13.42	OK8 14 85 FFr 400 921 931 -01 0 16.7
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Ger - 0-1 '-1, 14 89	150	1023 1034 +04 +05 15.15	Acond 14 65 £ 20 951, 961, 0 +01, 75.4
GNAC O S Fm 16 88 GNAC O S 174 85-77	100	991, 991, 0 0 15.42	Benehrial 141, 90 £ (0) 20 881, 891, 0 +01, 10.7
Gull Cancer 1 d 14's 32	100	1001, 1001, +01, +01, 14.65	BNP 131, 91 £ 15 921, 93 +01, +01, 15.0
Golf Od 114 94 .	175	99 991 0 +07 14.36	CECA 131, 88 £ 20 944, 951, -01, 14.8 Fin Ex. Cred. 131, 86 £ 15 951, 961, -01, -01, 15.2
Cpl. O. Fir 0.0 92	300	281, 29 +04 +04 13.59	
Gutt States 0/S 10 50	60	101, 171, +0, +0, 15.63	Gen Elec. Co. 121- 29 £ 50 921, 931, -01, 0 14.1
Int Am 75 Bk, 755 87	55	1001, 1001, +01, +04 14.92	Hiram Walker 141, 86 E 25 971, 981, +01, -01, 15.0
Janen Zutenes 1517 38	50	102', 107', +0', +0', 16.57	Privalbanken 147, 98 E 12 944, 951, 0 -04, 15.5
Germ Dee 8k 153, 87	50	1037, 1041, +07, +01, 14.26	Oueber 151, 87 £ 35 1011, 1021, -01, -01, 14.5
Tiber Bent drauer 183 B3	75	1051, 1055 +01 -01, 14,89	Read (Nd) NV 103, 89 E 25 1027, 1033, 0 -03, 15.5
CKG 15% 85/97	50	581, 99 0 0 10.13	Royal Trustco 14 85 C. 12 979, 989, +01, 0 14.6
Use 128 23/21	200	1051- 106 +01 -01, 14.78	SDR France 15', 92 £ . 30 99', 100', 0 -0', 15.5 Swed Ex. Cr 13', 86 £ 20 97', 98', 0 -0', 14.5
	150	10" 4 102 +0", 0 14.32	
Ontario Hydro 14% 89 Pac Gas & Et. 14% 89	80	103's 104's +0's +D's 14.77	Eurolima 101, 87 LuxFr 500 · 957, 967, 0 - 01, 11.4
	45	10% 10% +0' +0' 14.54	EIB D's 88 LuxFr 600 9274 93% -014 - 174 71.3
Par Gas & El 154 89	350	221, 221, -01, -11, 13.55	
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CFE-Alexino 84, 92
Croup, Donmark 84, 92
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Oremark 74, 91
FIB 74, 92
Fib', de France 7 92
FIST 8 92

FNIL 8 97
Fusa Cary Fin. 84 92
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Milton OSK 69, 92 Nahonol Pwr Co 8 92 Normon T and T. 64, 92

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99', 99', 11/8 16,31 Credit Lyannara 51, 97. 01, Credit Nat 73, 94. 101, Credit Nat 73, 94. 101, Credit Nat 73, 94. 101, Commark, Kngdm. et 92. 01, Ind. Bank Japan 51, 89. 01, Ind. Bank Japan 51, 89. 01, Ind. Bank Japan 51, 89. 01, Ind. Eurofin 51, 93. 01, Ind. Eurofin 51, 93. 101, Ind. Verst Fin 51, 91. 101, Now Zintani 51, 87. 01, Now Zintani 51, 87. 01, Now Zintani 51, 87. 01, O1, Nordic Int. Fin. 51, 01. 01, Indichora Minion 51, 87. 01, O1, Indichora Minion 51, 87. 01, O1, Sociate Generale 51, 55. 01, Sumdorf Chart 51, 91. 01, Sweden 51, 89. 01, Sweden 51, 89. 01, Toronto Oomin'n 51, 92. Character Chart 51, 91. 01, Sweden 51, 89. 01, Toronto Oomin'n 51, 92. Character Chart 51, 91. 01, Sweden 51, 89. 01, Toronto Oomin'n 52, 92. Character Chart 51, 91. 01, Sweden 51, 89. 01, Toronto Oomin'n 52, 92. Character Chart 51, 91. 01, Sweden 51, 89. 01, Toronto Oomin'n 52, 92. Character Chart 51, 91. 01, Sweden 51, 89. 01, Sweden 51, Sweden 51

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Last week..... Previous week 4,284.0 11,685.3 Last week..... Previous week 5 Figures not available.

 No information available-previous day's price. 7 Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in hitlions. Change on week = Change over price a week

FLOATING RATE NOTES: Denominated in dollars unless Otherwise indicated shown is minimum. C.dte=Date next coupon becomes effective. offered rate 12 three-month; above mean rate for U.S. C.cpn = The current C.yld = The current dollars. coupon.

nominated in dottars untersolherwise indicated. Chg. day = Change on day. Cnv. date=First date for conversion ioto shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the hood over the most recent price of the shares.

The list shows the 200 latest international honds for which an adequate secondary market exists. The prices over the past week were supplied by: Krediel-bank NV; Credit Commercial de France: Credit Lyonnais; Com-merzbank AG; Deutsche Bank AG: Westdeutsche Landeshank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg: Kredielhank Luxembourg Algemene Bank Nederland NV: Pierson, Heldring and Pierson: Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Bankers Trust International: Credit Commercial de France (Securities) London: Citicorp International Bank; Darwa Europe NV; Deltec Securities (UK); EBC: First Chicago: Coldman Sachs International Corporation; Hambros Bank, IBJ International; Kidder Peabody International; Merrill Lynch: Morgan Stanley Inter-national: Nikko Securities Com-pany (Enrope): Orion Royal Bank: Semnel Montagn and Co.: Scandinavian Bank: Societe Generale Strauss Turnbull: Sumitomn Finance international: S. G. Warburg and Co.; Wood

Closing prices on May 21

INSURANCE

Support grows for Howden as Lloyd's Bill enters crucial stage

BY JOHN MOORE, CITY CORRESPONDENT

THE Lloyd's of London legisla- writer is primarily answerable charged. tion for improving the insur- to the investors who put up the aoce market's self-regulation has entered the most sensitive and crucial phase in its Parliamentary history. Key clauses of the Bill are facing an un-precedented degree of opposition in the Honae of Lords from sectional interests of the Lloyd's

A large part of the Lloyd's market has ranged itself against the Lloyd's establishment in an effort to prevent the legislation iocorporatitng clauses vital to the effectiveness of the selfregulatory powers. The clauses ooder attack are those which require Lloyd's iosurance brokers, the buyers of insurance on behalf of clients, to sall their shareholding links with underwriting agency companies.

which run underwriting syndi-cates, the sellers of insurance. Alexander Howden Gronp, a leading Lloyd's insurance broker and part of Alexander and Alexander, the world's second insurance broker, is fighting the clauses through a Parliamentary petition sup-ported by three other major brokers-C.E. Heath, Minet and Stenhouse Holdings

They are supported in the background by three other This argumont, advanced brokers — Sedgwick Group, before the Lords committee, Wills Faber and Stewart was challeoged by the Lloyd's Wrightson. These groups have establishment. The broker support for the Lloyd's legislation, but assured and privately they are violently the underwrit opposed to the divestment counsel said clauses. They have supported Of more the legislation so far becanse they felt that without the divestment clauses the Lloyd's Bill would never reach the

.Last week, Sedgwick Group, lobby expressing their reserva-. closely. ffons about divestment.

"Howden has other support. A directors of client companies—group of underwiting agents is the assured—are often invited also attempting to remove the divestment clauses from the legislation through a Parlia-

mentary petition. A House of Commons commit- its insurance business. tee insisted that Lloyd's included the divestment clauses cation, created a quiescent because it bad identified conflicts of interests which could plain about the size of premiums undermine Lloyd's self regula- being charged by Lloyd's. The fory powers which the market client's directors often stand to is seeking in its new regulation. make a handsome profit by
A broker's main duty is to reason of membership of Lloyd's is seeking in its new regulation. make a handsome profit by Her team was being helped. A broker's main duty is to reason of membership of Lloyd's in its search by a Cancer the assured, while an under through high rates being Research Campaign laboratory

capital. Moreover, mergers and acquisitions of brokers and underwriters in recent years have concentrated power into fewer Lloyd's market character and with it Lloyd's reputation as a centre for flexibility and de-

velopment. divestment clauses attempt to regularise the relationships between a broker, the broker's client, and tha underwriting capital base of the market, to restore Lloyd's market character and identity, and to eliminate the possibility of abuse through conflicting interests within Lloyd's.

Those opposing the divestment clauses argue that the delicate fabric of the relation-ships within Lloyd'a will be

Non - marine underwriters. those specialising in general of insurance business. from fire and damage to property to pianists' baods, say that underwriters may bave to forge closer links with brokers in the future. Uoderwriters argue that they should be allowed to own brokers in order to market their own iosurance schemes or products to remain competitive.

should be the agent of the assured and not the agent of the underwriter, Lloyd's legal

direct concern, brokers and underwriters, in defending the status quo within Lloyd's, have pointed out other conflicting interests within the market. These conflicting interests are serious and bave far-Stewart Wrightson and Willis reaching implications. Lloyd's Faber allowed correspondence and outside regulatory agencies to be submitted by the Howden will need to examine them

It was pointed oul that by brokers to become members of Lloyd's syndicates, sometimes syndicates in which the director's own company has placed

In this way, brokers, by impliclient who is unlikely to com-

A more serious point was advanced by a broker. Brokers will not lose much in the way of disclosed profit by divestconcentrated power into fewer ment, but they wil break np a and fewer hands, threatening favourably disposed revenue earning environment.

It is clear that a whole bost of reciprocal revenue-earning arrangements will be disturbed by divestment. Conflicting interests, which may be against the wider public interest, are reflected in the long-standing commercial arrangements of mutual benefil between the brokers and underwriters. These links will be broken if divestment goes through

No wooder theo, that brokers and a number of underwriters are against the measure, with just three brokers earning substantial revenues through controlling balf the underwriting capacity at Lloyd's, and eight brokers producine more than 60 per cent of the husiness. If divestment goes through, said one broker, the brokers come to regard Lloyd's aa " just another market" lacking vital financial incentiva

Search and destroy plan fights cancer

SCIENTISTS are working on a new approach in the fight agains; cancer which involves starving tumours of blood and killing them. They seek drugs that would cut off blood supply to tumours while not attacking the tumours directly

Dr Julic Denekamp, head of the project, at the Gray Laberatory. Mount Vernon Hospital. Middlesex, said scientists knew from experiments with mice that cancer cells died within 24 hours of being deprived of

Research at her laboratory over two years established that the cells lining the blood vessels leading to tumours multiplied much faster than in normal blood vessels. This opened the possibility of putting drugs into the blood stream to home in and destroy proliferating blood vessels round tumours without harming normal blood yessels.

This week's business in Commons and Lords

TODAY Transport Bill, Commons:

Report stage. Lords: Local Finance (No2) Bill, Committee. Debate on elections in El

Select' Committees: Foreign Affairs-Subject: Caribbean and America: British Central approach to security, stability and development. Witnesses: Foreign and Commonwealth Office; Overseas Development Administration (Room 16, 4.30

Education, Science and the Arts-Snbject: Biotechnology. Witness; The Rt Hon Patrick Jenkin MP, Secretary for Industry (Room 6, 5.00 pm). TOMORROW

Commons: Transport Bill, re-

maining stages. Lords: Stock Transfer Bill, Second Reading Social Security and Housing Benefits Bill, Report. Debate on Government policy on community enterprise programmes, and proposals to reduce substantially the grant being made to Elephant Jobs of London.

Select Committees: Agriculture—Subject: Less Favoured Areas. Witnesses: Ministry of Agriculture Fisheries and Food, Department of Agriculture and Fisheries for Scotland (Room 16, 11,00 am).

Environment ---Subject Methods of financing local government in the context of the Covernment's green paper (CMND 8449). Witness: The Rt Hon Tom King MP, Minister for Local Government and Environmental Services (Room 8, 4.00 pm)

Procedure (Finance) — Sub-ject: Procedure (Finance). Witness: Sir Leo Plaitzky (Room 15, 4.15 pm).

Commons: Debate on the

European Community Harbours (Scotland) Bill, remaining stages. Motion on the undertaking relating to highlands and islands shipping services.

Lords: Debate on Report

Transport without handicap.' Short debate on the situation in the Middle East. Iron and Steel Bill. Short debale on the Government's response to the Wilson Report on Public Records.

Select Committees: Education, Science and Arts-Subject: Biotechnology. Witnesses: Mr William Shelton MP, Under Secretary for Education and University Grants Science; Committee (Room 6, 10.30 am). Social Services — Subject: Public Expenditure White

Paper: Personal Social Services. Witnesses: Directors of Social Services; Professor Adrian Webb and Mr Gerald Wistow of the Univer-sity of Loughborough (Room 21, 4.15 pm).

Treasury and Civil Service Snb-Committee Subject: The structure of personal income taxation and income support. Witnesses: Board of Inland Revenue officials (Room 15,

4.45 pm). Committee on Private Bills: Unopposed Bills—1 Hong Kong China Gas Company 2. Thomas Brown and Sons.

THURSDAY ons: Northern Ireland Bill, Committee stage.
Lords: Local Government (Miscellaneous Provisions) Bill, Third Reading Local Govern ment and Planning (Scotland) Bill, Second Reading, Industry

Blll (Money Bill), Second Read-

FRIDAY Commons: Adjournment for the Spring (Whitsun) recess,

Young backed city rioters last year, says researcher

FINANCIAL TIMES REPORTER

Attitudes found that young people and the unemployed were more sympathetic with last summer's rioters than with the police, Mr David Marsland, a Brunel University sociologist. says in a book published today.

Older people tended, on the whole. lo support the police, he adds in his article in a new social affairs unit report.

"The survey research shows ... o polarisation between

A SOCIAL survey initiated, but young and adult society with kept unpublished by the Com- ominous potential for genermittee for Research into Public ational conflict, extremist polical manipulation, crime and social distintegration.

The study also showed that around 80 per cent of adults and young people are in favour of two years' training in industrial skills for school leavers. Mr Marsland say it is," mere

faotasy" to hope that youth ucemployment can be solved by training based on "stole ideas which have been tried, and tested and failed."

LOST BONDS AND COUPONS JARDINE MATHESON BERMUDA) LIMITED TEN (10) 74 per cent Unsecured Gustanteed Bonds (with Coupons) numbered 5783 to 5792 inclusive of Jardine Matheson (Semude) Jardine Matheson (Sermude) Umited having been lost, NOTICE Bonds and Coupons will be Issued in THREE (3) months from this date unless valid written objection is lodged with the undersigned prior thoreto.

ay Order of the Board of JAROINE MATHESON (RERMUDA) LIMITED W. J. Downey, Oirector

24th day of May, 1982

IRELAND U.S.575,000,000 Floating Rate Notes due May, 1989/94

accordance with the provisions of the Notes, notice is hereby given that the Rate of Period has been fixed at 142 per cent per annum. The Coupon Amounts will be U.S.\$378.99 for the U.S.\$5,000 denomination and U.S.\$18,949.65 for the U.S.\$250,000 denomination and will be payable on 26 November, 1982 against surrender of Coupon No. 1.

Manufacturers Hanover Limite Agent Bank

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any securities of Saatchi & Saatchi Company PLC or any of its subsidiaries.

SAATCHI & SAATCHI COMPANY PLC

(Incorporated in England No. 1320869)

Issued and to be Issued 16,103,060

Application has been made for the above issued Ordinary shares of Saatchi & Saatchi Company PLC to be admitted to the Official List by the Council of The Stock Exchange. Particulars relating to Saatchi & Saatchi Company PLC are available in the statistical service of Extel Statistical Services Limited and copies of such particulars may be obtained during usual business hours (Saturdays and public holidays excepted) up to and including 7th June, 1982

Ordinary shares of 10p each

County Bank Limited, 11 Old Broad Street, London EC2N 1BB

Phillips & Drew, Lee House, London Wall, London EC2Y5AP

24th May, 1982

Anthorised

18,000,000

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange and is not an invitation to any person to aubscribe for or to purchase any Loan Stock of the Company.



Rights Issue of £2,387,090 10 per cent. Convertible Unsecured Loan Stock 1998/2002 at par

An Extraordinary General Meeting of Marlborough Property Holdings p.l.c. ("the Company') was held on 21st May, 1982 at which shareholders approved an increase in the share capital of the Company and the issue of £2,387,090 10 per cent. Convertible Unsecured Loan Stock 1998/2002 ("Loan Stock") at par.

The Council of The Stock Exchange has admitted the Loan Stock to the Official List. Dealings in the Loan Stock commence today.

Particulars of the Loan Stock are available in the Extel Statistical Service and copies of such particulars may be obtained during business hours on any weekday (Saturdays and public holidays excepted) up to and including 11th June, 1982 from:-

Samuel Montagu & Co. Limited, 114 Old Broad Street, London EC2P 2HY

Fielding, Newson-Smith & Co.. Garrard House, 31 Gresham Street. London EC2V 7DH

24th May 1982

Midland International Financial Services B. V.

Guaranteed Floating Rate Notes 1987

Guaranteed on a subordinated basis as to payment of principal and interest by Midland Bank plc

U.S. \$50,000,000



24th May, 1982 to 24th November, 1982 the Notes will carry an interest rate of 154 per cent. per annum. On 24th November, 1982 interest of U.S.\$77.31 will be due per U.S.\$1,000 Note for Caupon No. 11, Agent Benk: Morgan Guaranty Trust Com

of New York



Results year ended 31st December 1981

-	1981 £000	1980 2000
Turnover Gross rents receivable	614	446
Sales of properties (other		
than investment properties)	1,687	1,911
Dividend 0.4p per share	2,301	2,357
(1980 0.325p)	. 86	63
Retained profit for the year	235	65

Continuing property investment emphasis increased gross rental income by 37%. Although 1982 will see a slow down in this rate of rental income growth, It will be an active year for new developments, which will be largely funded by the previously announced £2.4m rights issue of Convertible Loan Stock.

These securities having been placed privately, this announcement appears as a matter of record only.



Ireland

Dfls. 75,000,000 101/2 per cent. Dutch Guilder Notes 1982 due 1987

Annual coupons June 15

Algemene Bank Nederland N.V.

S.G. Warburg & Co. Ltd.

Kredietbank International Group

Amsterdam-Rotterdam Bank N.V. Bank Mees & Hope NV Pierson, Heldring & Pierson N.V.

May, 1982

DGZ'81

Expansion in Public Sector **Financing**

Deutsche Girozentrale --Deutsche Kommunalbank --(DGZ), the only central banking institution on the federal level of the vast German Savings Banks Organization, increased its total assets to DM 26.2 billion in 1981, a growth of 16.2% over the previous year. This increase was supported by a particularly strong expansion inpublicsector lending, bothat home and abroad, which resulted in increased volume in the Bank's new issues and securities business. Total longterm funds rose by DM 2.6 billion to DM 19.1 billion. Securities trading during the year was characterized by substantial growth in placement of the Bank's own issues.

In foreign lending emphasis was mainly put on strengthening the Bank's financing of German exports.

The Bank again participated in numerous public issues and . interbank money market and private placements, denomi- Eurocredit financings. nated in DM and foreign cur-

Financial Highlights 1981

Balance Sheet Total 26,181 Due from Credit Institutions Debentures and Bonds 3,215 Receivable from Non-Bank Clients Fixed Assets Deposits from

Credit Institutions Deposits from Non-Bank Clients Own Debentures in Circulation 16,850 Capital and

Published Reserves 445 Net Profit DGZ International S.A., the 100% Luxembourg subsidiary, also achieved continued ex-

pansion in business volume with particular emphasis on For more information about

DGZ just get in touch.



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...the "small" team with big resources

BUILDING AND CIVIL ENGINEERING

Builders merchants confident

of this year's recovery in house- line on the early recovery pros- also by the NFTBE and HBF building starts, but industry pects for some of the leading surveys.' builders merchants which, they Mr Wi observers last week advised against the bland assumption of ment from now on.

Figures issued by the Builders Merchants Federation for the month of March this year show an increase in sales of 1.3 per cent over March, 1981. The figures are adjusted for price rises based on Departtake account of special factors. firm's

But this was an improvement forecasts for the year as a with the drop of as per cenon the year to February 1982, which showed an 8.6 per cent fall and continued the steady improvement of January (down EMF, said: "these figures show in performance. not only 9.5 per cent) and the last

Town planners want

itself deprived.

While the population flight from Britain's cities cannot be lie money for the preservation stopped without an unaccept- of historic buildings while local ably drastic interference in authority owned housing stock freedom of choice, said Dr is falling to pleces; enforce Eversley, professional planners, public access to buildings which acting together, could advocate bave had public subsidies. a system of land use and resource allocation which could bypermarkets, drive-in banks, arrest present trends.

low-cost low-density bousing means a continuation of the emphasis on opening up develonable land in the favoured areas, away from large cities," he sald. "Agaln, it means the progressive abandonment of what remains of our regional policies, with little or no attempt to steer enterprises to areas of

say, so far have shown an im-

reported profits for 1981 down have on interest rates."
by 15 to 20 per cent. The out-

building research team The DOI variation for March, sees the possibility that things lowed by the East Midlands might have been dampened down with a 7½ per cent rise and the For the cumulative years endin April. and to some extent. Northern region and Wals, each
ing March 1982, says the BMF.
May by the Falklands crists, with a 53 per cent improve
sales were down by 6.6 per cenl.
However, he stands by bis team's ment. These contrasted sharply

that our confidence in the steady throughout the country but also national improvement during

week Mr David Eversley, from courses of action: the Department of Land Restrictions on the Department of Land Restrictions on further new Economy, University of Cambuilding, residential, industrial Economy, University of Cambuilding, residential, industrial—by increasing the sample bridge, presented some stark or commercial, except for nationally and regionally, and alternatives to the special pleadesing for government money which prises and to meet housing medium and smaller companies. usually results when a particu-needs of local residents. This lar area of the economy feels would mean no more science

No more greenfield motorised

rest present trends. motels, world trade centres, first par "Active encouragement of until all land available for such process). purposes in the old urban areas has been brought into use. Subsidised industrial premises

benefit from the new enterprises. And, finally, concentration of

available funds for structural repairs on facilities used by the hisb unemployment."

disabled, by working lone to slip a bit, bad news for some mothers, by ethnic minorities, activity, claimed Dr Eversley, should be "the allocation of to roads and sewers of the inner poaching on the merchants' scarce resources for the benefit areas; clampdown on suburban of those who cannot purchase a titivation (Including some better environment in the open severe misuse of YOP schemes).

BUILDERS merchants are London stockbrokers Savory past months has not been mis-beginning to reap the benefit Milln have taken a consistent placed, as recently confirmed

Mr Williams, too, agreed that "people are more than a little against the bland assumption of pressive capacity to weather the worried about the Falklands an unbroken trend of improve-They note that huilders mer- first, about the effect on conchants such as Travis & Arnold, fidence generally," he said, "and Sharpe & Fisher and Erith have about the effect that it might

Meanwhile the BMF notes look, they say, is for a recovery considerable regional variations, to 1980 levels in 1982. The figures are adjusted for to 1980 levels in 1982.

especially within the figures for price rises based on Depart.

Mr Robert Erith, the Savory March itself. For the month, ment of Industry variations and Milin partner who heads the Scotland recorded an outstanding 23.8 per cent increase, folby the West Midlands.

> performance, not only within the regions. "I can only put it down to what some of the oig merchants are doing to rationalise their opera-tions," be said.

This may apply to the South TRIS may apply to the South East where a couple of major companies, according to anectodal evidence, performed in March far better than the 21 per cent rise derived from the Institute annual conference last week Mr David Eversley, from courses of action:

The Department of Land Restrictions on further new in procedure in recent months. ing procedure in recent months

> Meanwhile, the most understandable variation within the BMF figures were within the product range itself. Heavyside products showed the best in-crease during the month, 7.2 per cent, reflecting a return to exterior building works after the bad winter (heavyside pro-ducts include bricks, blocks, cement and drzinage, in other words those incorporated in the first part of the building

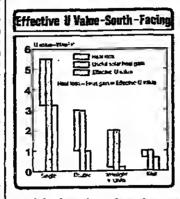
Mr Williams added that the lightside trade — bathrooms, paints, tools and so on—in Scotland and Wales leads the other to be built only where an identi-fied local lahour force can regions during the year, due probably to a buoyant home improvements business. But lately, he reckoned, the do-ltyourself and home improvements products were beginning to slip a bit, bad news for some of the multiple stores whose inpoaching on the merchants' traditional preserves.

Double glazing has a brighter outlook

GLASS WHICH could "revolu-tionise bousing designs" has sary. been introduced after five years' leading glass manufacturer. It is said to improve the performance of double glazing by 50 per triple glazing and effectively better in heat retention than a cavity wall.

Called "Kappafloat" evergy glazing units. There is a coating on one surface which acts like a mirror to room heat. While allowing the sun's warmth in, it stops heat trying to escape, retaining it within the

Another bonus claimed is that the temperature in the inner pane of the unit containing the



special glass is a few degrees higher than with ordinary double glazing. This means that condensation is reduced and

float" is transparent and allows light and solar heat to pass like ordinary glass. Fram the outside a slight, satin sbeen effect is apparent. From the inside a neutral grey tint may just be discerned, but the view is unimpaired.

Mr David Button, head of marketing services at Pilking-ton, said: "A practical alternative to the usual sources of energy is the sun, which provides beat even if the sky is WILLIAM COCHRANE | the current emphasis on install-

Initially, Pilkington Kapparesearch by Pilkington, Britain's float glass will be sold as complete double glazing units through its subsidiary. Eventually it hopes to sell the raw cent, making it as efficient as glass to other double glazing manufacturers. At present the glass

imported from its Swedish factory but Pilkington is considerglass, it is now available in Piling the possibility of UK kington "Insulight K" double manufacture which will require investment of about £1m. Cost of the new double

glazing is likely to be between 25 and 50 per cent higher than conventional units.

The company says that Insulight units constructed from 4 mm glass with a 12 mm space between panes has a U value (beat loss) of two com-pared to three for ordinary double glazing and 5.6 for a single pane. After solar heat gain is added, the effective U value on a south facing wall drops to about 0.25 compared to one for ordinary double. to one for ordinary double glazing or a cavity wall and

3.25 for a single pane.
According to Pilkington, the new Building Regulations restricting the area of single glazed windows to only 12 per cent of the perimeter wall area, has resulted in three house builders, Barratt Homes, Whelmar Homes and Broseley Homes increasing the use of double-glazing in new bomes to be built in England and Wales. Many more building firms are expected

downdraughts almost eliminated.

Wr Ken Jackson, strategic projects manager for Pilkington Flat Glass, says: "As a result With proper heating controls, of the change to double glazing, room heating can be reduced for the same level of comfort, so saving more fuel, says the company to follow suit.

Wr Ken Jackson, strategic projects manager for Pilkington follows will manager for Pilkington follows and the company for the change to double glazing, and the company follows will now be saving more fuel, says the company for the change to double glazing. holders to enjoy more daylight and make better use of winter Pilkington Flat Glass product time solar radiation to belp light development manager Mr David and heat their rooms with the Goodall explained that "Kappa- resulting affect on the energy efficiency of their new homes. Barratt Homes, currently building over 12,000 dwellings a year, bas for some time been extensively using double glazing in Scotland, where it has its own timber frame window company to manufacture frames of sufficient rebate depth to take double

glazing units.
Whelmar Homes, with a yearly output of 2,000 homes, says it will use its own manufactured double glazing units in new homes in increasing quantities. overcast, in winter as in Broseley Homes, producing over summer. It makes sense to take 2,000 dwellings annually, is advantage of this free energy already including double glazing and instal large sun-facing units as standard in a large windows with effective insulations development in Livering qualities." With this glass pool.

TONY FRANCE

UK CONTRACTS

More work for Mansell

Four contracts, each worth conditioning and a lift are well over film, top the list of a included in the 19-month connumber of awards totalling about tract.

It is a superscript for the latest awards is a the design and management of a superscript for the latest awards are the design and management of a superscript for the latest awards are the design and management of a superscript for the latest awards are the design and management of a superscript for the latest awards are the design and management of a superscript for the latest awards are the design and management of a superscript for the latest awards are the design and management of a superscript for the latest awards are the design and management of a superscript for the latest awards are the design and management of a superscript for the latest awards are the design and management of a superscript for the latest awards are the design and management of a superscript for the latest awards are the design and management of a superscript for the latest awards are the design and management of a superscript for the latest awards are the design and management of a superscript for the latest awards are the design and management of a superscript for the latest awards are the design and management of a superscript for the latest awards are the design are the latest awards are the design are the latest awards are the £1.7m contract for refurbishment, of June. Next highest is a £1.5m contract at 11 and 12 Blomfield Street. EC2 where major alterations are to be carried out for the Corporation of the City of London At 15 St George's Street, W1 Mansell is reconstructing a five-storey building after damage by fire for Chappell International Music Publishing. The contract value is over £1m. A refurbishfl.1m is being carried out for the Trustees of the Home for Aged

Refurbishment at the Savov

KYLE STEWART (CONTRAC-TORS) bas been awarded the refurbishment of Savoy Court East, part of the famous botel. Undertaken on behalf of London & Leeds, subsidiary of Ladbrokes, the project is worth £7.5m and centres on the greation of offices

pbarmaceutical manufacturing alterations and extensions at 1 facility for Beechams at Crawley.
and 18-17 Devonshire Square and Worth £4m, this project follows
19 Devonshire Row, Wl. This a film contract for the construction of warehouses and offices is due for completion by the end at Southall for Sunlife Properties and a new £3m headquarters for Kennedy & Donkin at Godalming.

Building and civil engineering contracts worth over £4.6m have been gained by the GART-WRIGHT GROUP. Largest is a £1.4m bousing project at Stock-port, Cheshire, for the Northern ment job is being underfaken at dwellings, specially designed for Birchlands, Birchlands Avenue, elderly persons.

SW12, where work valued at over f1.1m is being association. It Counties Housing Association. It

BOVIS CONSTRUCTION has been awarded a \$4.4m contract to build luxury flats in a conservation area at Regents Park Road, N3, for Bovis Homes. Development is for six hlocks of flats comprising 109 units, new roads, car parking and land-scaping, all contained within a four and balf acre site.

TILBURY CONSTRUCTION has which included a housingmenced with internal demolition
and will take in redecoration of
simpson's restaurant. A wide
simpson's restaurant. A wide
and the installation of full airsouth and south west of England.

UK CONTRACTS OVERSEAS

Riyadh rural electrification

The Riyadh rural electrification project has been awarded to BICC CONSTRUCTION a subsidiary of Balfour Beatty Power Construction. The project covers the design, supply of materials and installation of 113 kms of property of the covers of lattice steel and instantation of 113 kms of overhead lines on lattice steel towers, with a contract value of f5m. The lattice steel towers will be fabricated by Painter Bros also of BBPCL and the conductor manufactured. ductors manufactured by BICC Metals. A subsequent variation order of about £1.5m bas been awarded for a complete fibre optic telecommunications system using Fibral Earthwire, a conductor containing an integral optical fibre cable developed and made by BICC Metals. The client for the project is Saudi Con-solidated Electric Company (SCECO), central region. Balfour Beatty is part of the BICC Group.

The Toronto office of GEORGE
WIMPEY CANADA bas won a
contract from the Ministry of Water, Saudi Arabia.

Transportation and Communical transportation and Communications for the Brantford section of Highway 403, Ontario. This contract, worth about 13m, 1s starting now and taking 15 months to complete. Work includes grading, drainage, granular base, hot asphalt surfacing and provision of appropriate structures.

BALFOURS, UK consulting engineers, is to undertake a study, investigation and design of water supply facilities for six villages in the northern area of Saudi Arabia, in association with Sandi Arabian consultant, Dar Al Riyadh. Future village populations will range from about 400 for the smallest to over 7,000 the largest. In addition to sup-plying water for the inhabitants, the consultants are to provide drinking water facilities for camels, goats and speep totalling about 21,000 head.



Longer life for road surfaces

CO-OPERATION BETWEEN Tarmac Roadstone Holdings and Richard Felsinger of Austria has led to the formation of a jointly owned com-pany (Novophait) to promote the use of road surfacings exploiting the Novophalt pro cess. Invented by R. Felsinger, the surfacings have been in use in Austria for several years.

Novophalt materials are claimed in prolong the ser-vice life of busy unitorways by using thermoplastic paymers and reactive agents which are added to bitumens in a specially designed blnder. Chemical bonding also occurs, resulting in the special properties, stated to be confirmed by tests at the

Substantial improvements in resistance to deformation and road life in general arise out of the high cohesive strength and viscosity behaviour of asphalts containing the Novophalt hinder, the company says. Where buth wearing and hase courses are constructed using the Novophalt binder, an increase in pavement life of two to three times is expected. If the materials are used in tho wearing course alone, improvements of about 25 per cent are claimed.

Users of the Novmphalt modified binder in hot rolled asphalt wearing courses include Tarmac Roadstone (Southern), the City of West-minster and Watford Borough Connell. More from Nuvephalt on

093 28 67389.

JUST PUBLISHED by the Chipboard Promotinn Association is the revised advisory leafiet on "Insulated Ground Floors," which includes detailed costings showing the economy of using chipboard over competitive panel pro-ducts. The leastlet is available The infor-free from CPA. 7A Church with the fu-

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A FINANCIAL TIMES SURVEY **COMMODITIES**

WEDNESDAY 30th JUNE 1982

The Financial Times proposes to publish a Survey on Commodities. The following synopsis outlines the topics to be discussed.

- INTRODUCTION. Depressed demand bas hit most markets, but traders are expecting a return to boom times once consumption returns to more normal levels, or if there is a major crop setback, sloce stocks in consumer hands are at low levels. Meanwhile London commodity futures trading has received a major boost from the spectacular success of the gas, oil market.
- INTERNATIONAL PETROLEUM EXCHANGE. Tutnover during first year of gas oil futures trading has exceeded all expectations. Outlook for further developments. including the launching of new contracts for bunker fuel, gasoline and napotha.
- SOYABEAN OIL. Futures contract in London launched in April. Prospects for the new market and development of soya complex in Europe.
- POTATO FUTURES. Potato futures has achieved unexpecrotato rotates, rotate intures has achieved the rec-ted success. Where is the main support coming from and can it be sustained? Prospects for other domestic agricultural futures markets. Review of established markets for cocoa, coffee, sugar, grains and natural rubber. Increasing divergence of influences affecting physical and futures markets with growth of speculation.
- OVERSEAS MARKETS. France is considering plans to develop the Paris commodity futures contracts and Holland is keen to promote Amsterdam. U.S. exchanges, on the other hand, are suffering from over-regulation and dominance of financial futures. Review of overaceas markets
- COMMODITY AGREEMENTS. Commodity agreements are in force for cocoa, coffee, augar and, more recently, actural ruhber with varying degrees ofg effectiveness. However they appear to be losing favour, and the UN Common Fund plan is threatened by delays and lack of finance. What are alternatives for stabilising or controlling prices?
- SYSTEMS TRADING. Systems trading in commodities, either based on charts or computer forecasts, have become increasingly popular, both with private and trade speculators. Different investment means available.
- COMPANIES. Companies dealing in commodities have suffered some serious setbacks during the past year. Heavy losses suffered by companies, and Individuals, bave tarnished the image of the industry. Prospects for quoted

For further information and advertising details contact:

SIMON HICKS

on 01-248 5115 or 01-248 8000 ext. 3211

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

The size, contents and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor



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Financial Times Conferences

WORLD ELECTRONICS — The U.S., Japan and Europe: Competition or Collaboration? London—June 9 and 10, 1982

The U.S. and Japan are competing fiercely in an increasingly wide range of markets including computers, communications and semiconductors. Competition for key markets will be discussed in a section of this conference (caluring papers by Mr Jacques Malsonrouge, IBM and Dr Atsuyosbi Ouchi, Nippon Electric Co., Ltd. Europe's industry will be discussed by Mr C. J. van der Klugt, Philips Holdings; Mr L. Mercurio, OLTECO (Olivetti Communications Group of Companies); and Mr Alain Boublil, Adviser to President Mitterrand.

THE ECONOMICS OF NATURAL GAS DEVELOPMENT

Venice - June 21 and 22, 1982 The Financial Times is pleased to announce that this major international symposium is to be addressed by Dr M. Y. Shanaa, Consultant, GOIC and Petrochemical Expert, UNIDO who will complement Ir Wijarso, Mr Adrian Lajous Vargas and Dr Tongchat Hongladaromp in the section of the seminar devoted to developing country perspectives. This Venuce meeting to be held just after the IGU meeting in Lausanne has drawn expert speakers from Europe, the United States, South East Asia and Lann America. The meeting is attracting senior bankers, officials, energy company executives, consultants and top management from the equipment sector. The total number of registrations that can be taken for his highly specified and practical greening is larger and the for his highly specific and practical incount is limited. Some places still remain available and the address for registration is given below. All enquires should be addressed to

The Financial Times Limited Conference Organisation Minster House, Arthur Street London EC4R 9AX

Telex: 27347 FTCONF G Cables: FINCONE LONDON

Tel: 01-621 1355

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS International Heating, Ventilating and Air Conditioning Exhibition EXPOCLIMA/HEVAC (021-705 6707)

World Wine Fair and Festival (0272 213381)

International Word Processing Exhibition and Conference (01405 6233)

Harchester Motor Show (0602 51202) May 24-28 Conference (01-405 6233)

Manchester Motor Show (0602 51202)

Consumer Electronics Trade Exbn. (01-486 1951)
International Wine and Spirit Trade Fair (021-705 May 29-June 6 ... May 30-June 2 ... International Wine and Spirit Trade Fair (021-705 6707)

Fine Art and Antiques Fair (01-385 1200)

"Times" and "Sunday Times" Business to Business Exhibition (01-729 0677)

Tunnelling '82 International Exhibition and Symposium (01-946 3471)

South of England Show (0444 892245)

Self-Service Display Equipment and Shopfitting Exhibition—SHOPEX (01-540 1101)

Business Efficiency Exhibition (04-05 6233)

ElA Engineering Exhibition (0403 69390)

Royal Highland Show (031-333 2444) June 3-12 Juna 7-11 June 10-12 June 13-17 June 14-18 June 16-17 Royal Highland Sbow (031-333 2444)
International Food, Wine and Kitchen Exhibition (06284 2442)

Venne Bear. The r sm Europe NEC. Birmingham Bristol Exhibition Centre ancentiv co: ان اے Coup Wembley Conference Centre Belle Vue Earls Court as and Pro Olympia_ Olympia Buten the ेंबारी टर्ड १००१८ Earls Court . 42625101101 Brighton

Earla Court Brighton Racecourse Ingliston Showground, Edbgh. Bingley Hall, Birmingham

OVERSEAS TRADE FAIRS AND **EXHIBITIONS** Sao Paulo

486 8686) International Plastics and Rubber Exhibition (01-June 3-10 439 3964)
International Fair for Printing and Paper Fair— DRUPA (01-09 0956)
World Property Exhibition (01-581 2131)
International Electrical Exhibition and Congress— June 4-5 June 6-9 INTELECT (01-222 0466)
Posidonia International Shipping Exhibition June 10-15 Posidonia International Shipping Exhibition (Athens 32.31.973)

June 10-15 International Agricoltural Animal Husbandry and Horticultural Exhibition and Conference—ELMIA-LANTBRUK (0732 850457)

June 13-18 International Medical Laboratory Exhibition (01-486 8730)

June 15-19 International Dairy Equipment Exhibition (01-439 (3964))

June 16-20 International Collectors Fair—ISA (01-236 0911)

June 22-26 International Port Technology Exhibition —PORTECH (08833 6155) June 7-12

Amsterdam

Singapore

Jonkoping

Cairo

Videotex Exhibition (09274 28211) BUSINESS AND MANAGEMENT CONFERENCES The Economist: Video Conference-Programming and Finance (01-870 5400) (part of International Video Week) May 24-25 AMR International/Euromoney: Financial techniques (01-282 2732)
Institute for International Research: The Zurich International Corporate Finance Conference 1983 (01-388 2683) CBt: Statutory sick pay and self certification (01-379 7400) AMR/Euromoney: Euromarket Law and Documentation (01-262 2732)

IPS: Computers—introducing purchasing systems (0990 23711) DIBC (UK): International Bank Operations and Systems—Issues for the future (01-788 5126) Oycz/IBC: The Petroleum Futures Market . . . one year on (01-242 2481)
FT Conference: World Electronics—The U.S., Japan June 9-10 and Europe: Competition or Collaboration? (01-621 1355)
Energy Business Centre: Offshore Projects—
Norway (01-439 9021) June 9 Cafe Royal, W1 Weisweiller Adfos: Liffe begins in September (01-FT Conference: World Electronics—the U.S., Japan an dEnrope: Competition or Collabora-tion? (01-621 1355) tlon? (01-621 1355)

ESOMAR: Classifying consumers—a need to rethink (Amsterdam 020 44.49.95)

Kenyan International: European Employment Law —its impact on company practice (0799 24125) ESC: The Stock Exchange Listing Requirements—

the Yellow Book (057282 2711)

National Film Theatre London Press Centre

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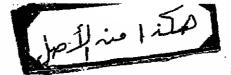
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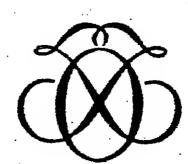
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Hilton Hotel, W1 Bowater Conf. Centre, 5W1

Anyone wishing to attend any of the above events is advised to telephone the organisers custore that there has been no change in the details published.

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ORIFLAME INTERNATIONAL SA

(a Société Anonyme incorporated under Luxembourg law. R.C. Lux. No. B8835)

OFFER FOR SALE MORGAN GRENFELL & CO. LIMITED BLYTH EASTMAN PAINE WEBBER INTERNATIONAL LIMITED

of 866,634 shares of US \$1.50 each at 600p per share payable in full on application.

The shares now offered for sale rank in full for all dividends hereafter paid on the share capital of the Company.

The application list for the shares now offered for sale will open at 10.00 a.m. on Thursday, 27th May, 1982 and may be closed at any time thereafter.

	SUN	AM.	ARY	OF	INFO	RM	ATI	O	١
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The information below should be read in conjunction with the full text of this Offer for Sale

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Oriflame International SA is the holding company of an international group, the principal activity of which is the production and marketing, on a direct sales basis, of its own brand of cosmetics. The principal markets for Oriflame's products are in Western Europe and Scandinavia. Sales of Oniflame products .The Group also operates a mail order company in Sweden.

Sales and Profits

The sales, profit before tax, profit after tax and carnings per share of the Group for the five years ended 31st December, 1981 and as forecast for the current year ending 31st December, 1982 are as follows:

Year to	Sales	Profit before tax	. Profit after tax	Earnings per share
31st December	\$000	SOOO	\$000	S
1977	11,501	1,473	1,253	0.26
1978	18,625	1,829	1,554	0.33
1979	28,486	3,236	2,860	0.60
1980	37,808	4,429	4,201	0.85
1981	38,359	5,784	4,932	0.97
1982 (foreca	st) 40,000	6,750	6,000	1.16

Earnings per share have been adjusted to take account of the recent capital reorganisation.

The Company has prepared its accounts in dollars since its formation. Accordingly, the published results are sensitive to exchange rates, particularly to the extent that the dollar moves agaiost the currencies in which the Group trades. This sensitivity. is emphasised by the fact that hitherto the Group has had no significant sales in dollars. In general, relative streogth of the dollar depresses and relative weakness increases Group results.

In order to show the growth of sales based on the underlying local currencies in which the Group trades, the following table sets out the Group's sales figures on the basis of the exchange rates used in compiling the 1981 audited accounts:-

Year to 31st December	Sales S000
1977	11,314
1978	17,500
1979	25,154
1980 ,	32,106
1981	38,359
1982 (forecast)	44,700

Market Capitalisation

At the Offer for Sale price of 600p (\$10.91) and based on the 5,334,080 shares in issue after this Offer for Sale, the market capitalisation of the Company would be £32.0 million (\$58.2

Price Earnings Ratio

At the Offer for Sale price of 600p (\$10.91) the historic price earnings ratio would be 11.2 and the prospective price earnings ratio 9.4.

In the absence of unforeseen circumstances, the directors expect that dividends will be paid in November, 1982 of \$0.20 per share and in Msy, 1983 of \$0.30 per share—a total of \$0.50 (27.5p) per share. At the Offer for Sale price this represents a prospective gross yield of 4.6 per cent. Dividends will be paid without deduction of any Luxembourg withholding tax.

Adjusted Net Assets

The net assets of the Group attributable to shareholders as at 31st December, 1981, adjusted to show the effects of this Offer for Sale, would be \$13.6 million (47.5 million). This is

equivalent to \$2.56 (141p) per share. An exchange rate of S1 = \$1.8185, the rate ruling at the close of business on 17th May, 1982, has been used for translation in this Summary of Information. This translation is for illustrative purposes only.

		SHARE	CAPITAL

US\$10,500,000

Shares of US \$1.50 par value

issued fully paid US\$8,001,120

Issued and now being

INDEBTEDNESS

At the close of business on 30th April, 1982 the Company and its subsidiaries (in this paragraph referred to as "the Group") had outstanding in aggregate term loans of US \$2,223,000 (US \$2,113,000 secured) and secured bank overdrafts of US \$521,000. Save as aforesaid and apart from intra-Group indebtedness and guarantees, at the close of busioess on 30th April, 1982 no company in the Group had any loan capital (including term loans) outstanding or created but unissued, or any outstanding mortgages, charges, borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire-purchase commitments, guarantees or other material contingent liabilities. At the close of business on 30th April, 1982 the Group had aggregate cash balances of US \$5,634,000. For the purposes of this paragraph amounts in currencies other than US dollars have been translated into dollars at the rates ruling at the close of business on 30th April, 1982.

DIRECTORS AND ADVISERS

Authorised

Jonas Bertil Theodor David af Jochnick Chairman (Swedish), 14 Avenue de la Réserve, 1640 Rhode St. Genèse, Belgium Robert Bertil Jonas af Jochnick Deputy Chairman (Swedish), Granliden 4, 18352 Taby, Sweden

Svante Peter Pahison-Moller (Swedish), 23 Thurloe Square, London SW72SD Cecil Miles Beddow FCA (British). Flat 8, One Princes Gate, London SW7 1QJ

Registered Office

10 rue Aldringen, 1118 Luxembourg

Issuing Houses Morgan Grenfell & Co. Limited.

23 Great Winchester Street, London EC2P2AX Blvth Eastman Paine Webber International Limited. 11/12 Finsbury Square, London EC2A 1AS

Stockbrokers

de Zoete & Bevan, 25 Finsbury Circus, London ECZM 7EE and at The Stock Exchange

Auditors and Reporting Accountants Peat, Marwick, Mitchell & Co., Arts Center, Avenue des Arts 19H, 1040 Brussels, Belgium

Legal Advisers in Luxembourg

Elvinger & Hoss, 15 Cate d'Eich, 1460 Luxembourg

Solicitors to the Company Baker & McKenzie.

Aldwych House, Aldwych, London WC2B 4JP Solicitors to the Offer for Sale Norton, Rose, Botterell & Roche,

Kempsoo House, Camomila Street, London EC3A7AN Principal Bankers

Skandinaviska Enskilda Banken Williams & Glyn's Bank plc

Registrars and Transfer Offices:

Principal Registrars Banque de l'Indochine et de Soez SA Luxembourg, 10 rue Aldringen, 1118 Luxembourg

United Kingdom Branch Registrars Williams & Glyn's Registrars Limited,

16 Old Broad Street, London EC2N IDL Dividend Paying Agents for Bearer Shares

Banque de l'Indochine et de Suez SA Luxembourg, 10 run Aldringen, 1118 Luxembourg Banque de l'Indochine et de Snez. 62/64 Bishopsgate, London EC2N 4AR

Ranque de l'Indochine et de Suez SA. 1 rue de la Rousserie, 1204 Geneva, Switzerland

Receiving Bankers

Williams & Glyn's Bank plc, New Issues Department, P.O. Box 425, 67 Lombard Street, London EC3P 3DL

GENERAL DESCRIPTION OF THE GROUP

The information in this Offer for Sale has been supplied to the Issuing Houses by the the information in this Other for Date has been supplied to the Issuing Houses by the directors of the Company. The terms "Oriflame" and "the Group" are, except where the context otherwise requires, used to refer to the group consisting of the Company, its subsidiaries and associated companies. The word "Oriflame" is also the trade name of the Group's brand of cosmetics. References to "dollars" and "\$" are to United States dollars.

The Company is the holding company of an international group, the principal activity of which is the production and marketing, on a direct sales basis, of its own brand of cosmetics. The

Group also operates a mail order company in Sweden. Oriflame offers in a number of countries a range of cosmetic products with particular emphasis on skin care treatment. The cosmetics are for the most part marketed direct to the consumer by trained independent consultants, largely through in-home demonstrations. The Group does not sell through traditional retail nutlets or to wholesalers. High profitability is achieved through the effective use of direct selling methods, where the advertising costs and the distribution mark-up are lower than those in most traditional sales methods.

It has always been intended, at a suitable time in the Group's development, to obtain a listing for the Company's shares. The size that the Group has now reached, the significance of its United Kingdom activities and the importance and international nature of the London capital market have led the directors to seek a listing in London on The Stock Exchange.

The first Oriflame sales company was established in Sweden in 1967 by Jonas af Jochnick and Robert af Jochnick (the chairman and deputy chairman respectively) and a third partner who has ceased to be actively involved in the management of the Group. Their objective was to take advantage of the growing consumer interest in skin care products by developing a limited range of high quality cosmetic items with an emphasis on skin care.

Direct selling, in which trained sales consultants demonstrate the products to groups of people in private homes, was identified as an effective means of introducing these products to the public. At this stage product development and manufacture were carried out by independent sub-contractors in consultation with Oriflame.

Following mittal success in Scandinavia, marketing of Oriflame products began in other Western European countries. Currently Oriflame products are sold principally in 13 countries. either through Group sales subsidiaries, associated companies or through independent licensed

In 1976 the Company acquired an established Swedish mail order company, Lagonda. Postorder AB ("Lagonda"), which specialises in the sale of watches, jewellery and other gift items. The acquisition was made with a view to exploiting Oriflame's expertise in distribution, catalogue development and promotion.

1979 saw the completion of construction of a new factory in Dublin, in which approx one half by value and by volume of the cosmetic products sold by Oriflame are now produced. In 1980 the Group established its central financial management in Brussels and initiated a management reorganisation which was completed early in 1981. The resultant divisional structure, described under "Management" below, is designed to facilitate further growth.

Other recent important events have included, in 1980, the creation of a joint venture company to market Oriflame products in the Far East and, in 1981, the enlargement of the Dublin factory and the entry into the United States market.

The sales figures shown in this Offer for Sale in respect of cosmetic products represent sales, excluding turnover taxes, to consultants of the sales subsidiaries and to licensed distributors and associated companies.

An analysis of Group sales in 1981 is set out below:-

Country	Date	-Comp 2018 to 1961		
	of making	\$000	Percentage	
Sales subsidiaries				
Sweden	1967	4,975	13.0	
Denmark	1967	. 1,605	4.2	
Finland	1968	4,411	11.5	
Germany	1969	469	1.2	
United Kingdom	1970	14,076	36.6	
The Netherlands	1972	3,664	9,6	
Spain	1978	309	0.8	
France	1979	1,737	4.5	
Canada	1980	238	0.6	
		31,484	82.0	
Sales to licensed distr	ibutors and associated c	ompanies		
Norway .	1969	1,165	3.0	
Switzerland	1971	228	0.6	
Republic of Ireland	. 1975	399	1.0	
Theiland	1981	. 8	0.1	
Other		21	0.1	
		1,821	4.8	
Mail order sales	•	1,021	7.0	
	Date of experience			
Sweden	1976	5,054	13.2	
:		38,359	100.0	

The Company has prepared its accounts in dollars since its formation.

ORIFLAME PRODUCTS

Product Range

It is believed that most customers for Oriflame products are women over the age of 20 in the middle income brackers. The range of products is designed to satisfy customers' requirements for basic skin care products; these products are marketed on the basis of low fragrance, natural ingredients and history of low allergy incidence. Prices are aimed to be in the middle of the market. Make-up, fragrance and men's products are also sold in conjunction with skin care products. The Group does not produce or market soap or hair care products to a significant extent. In 1981 the breakdown of sales of Oriflame cosmetic products, which was broadly consistent with previous years, was as follows:-

Product Category				Percente
Skin care				47.6
Make-up	٠.		•	. +L.
Fragrance	:			6.
Men's products	٠.			5.0
				100 (

There are 19 product groups within these four categories. Taking into account separate shades and other variations there are a total of approximately 320 Oriflame cosmetic products. The 12 basic skin care products represented 33 per cent, of Oriflame cosmetic product sales in 1981.

In February, 1982 Oriflame launched "The Oriflame Natural Skincare System," a new

product range. This range was developed in the Group's laboratories at its manufacturing bead-quarters in Dublin. It is based on a series of new formulae and is presented in restyled packaging, which reflects extensive market research over the last three years. The new range complements the Group's existing speciality product range known as "The Royal Velvet Collection" and it is expected that, together with the Group's other existing products, these ranges will form the basis of Group sales in coming years.

Manufacturing

Oriflame has manufactured a proportion of its own cosmetic products since 1979, when production commenced at the Group's factory on the Sandyford Industrial Estate in Dublin. This was completed at a total cost of IR £1,082,000. The factory also houses the Group's laboratories, which supervise quality control work and research and development of new products. The factory was extended during the last year at a total cost of IR £342,000 to enable the expansion of both production capacity and warehousing and office space to take place. Grants totalling IR.4517,000 have been received from the Irish Iodustrial Development Authority.

Manufacturing, which was initially concentrated on the most popular products in the Oriflame range, has been expanded, with the result that in 1981 approximately 50 per cent. of the Group's unit sales of cosmetics, comprising some 110 of Oriflame's cosmetic products, were produced in the factory. The balance is produced by independent sub-contractors to specifications

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approved by Oriflame. Although the Group has hitherto purchased the whole or the major proportion of certain of its requirements for particular raw materials or other items from a single supplier or a limited number of suppliers, all its supply arrangements are constantly under review; there are alternative sources of supply and thus the Group need not depend on any particular supplier

Each sales subsidiary has warehousing facilities in its respective country of operation. Oriflame UK Limited's headquarters are in an office and warehouse building in Milton. Keynes, which was purpose-built for Oriflame in 1979.

Details of the Group's principal properties are set out under "Statutory and General Information below.

MARKETING

Direct Selling

Oriflame's cosmeric products are for the most part marketed direct to the consumer by trained independent consultants, largely through in-bome demonstrations. High profitability is achieved through the effective use of direct selling methods, where the advertising costs and the distribution mark-up are lower than those in most traditional sales methods.

The directors believe that the principal advantages of Oriflame's in-home direct selling methods are as follows:-

(i) Marketing is based on personal demonstrations of the products, which give the customer an opportunity to sample the products before making a purchase.

(ii) A comparatively short range of the most popular products is emphasised, with consequent economies of scale in manufacturing and stock holding.

(iii) Close control can be maintained over marketing.

(iv) New products can be launched without the necessity for introductory advertising.

(v) New territories can be entered cheaply with low central overheads and low start-up costs. (vi) Adverse economic conditions appear to have little effect on sales. One of the principal factors affecting sales is the appointment of sales consultants; in a time of recession a profitable part-time occupation is attractive.

Sales Consultants

Other than in France, the sales consultants are independent of the Group and are self-

employed, mostly working on a part-time basis. The number of consultants is of vital importance to the Group, since it is closely related to the volume of sales and thus to profits. In direct selling, turnover of consultants is high, with some remaining associated with the Group for only a short time, although others remain for many years. The Group makes extensive efforts to retain its consultants once they have been appointed; a series of incentive schemes, with a range of prizes, is arranged throughout the year to encourage performance. There are currently approximately 24,000 registered Oriflame consultants, virtually all of whom are women.

The structure of the consultant network in each country is geared both to the identification of new consultants and also to providing favourable conditions for existing consultants. Consultants are generally organised into groups of about ten who are guided by an experienced consultant, designated as a manager. The managers have two sources of income, the profit on sales which they make as consultants and payments made to them by reference to sales to customers by consultants in their group. These groups are in turn part of larger regional groups, the structure of which varies from country to country.

Before new consultants start to sell the Oriflame range of products they receive training in its application and use, as well as in the Group's selling techniques. The Group also provides regular refresher courses; in the United Kingdom, for example, video-recorded programmes are circulated to managers for display to sales consultants.

The Group has evolved a disciplined system for delivery of goods and collection of cash. In most of the countries in which the Group operates, a consultant takes orders from customers and passes them to the central office in her country. Goods are delivered within ten days to the consultant, who then distributes them to the customer and collects payment. A consultant has three weeks from the date of the invoice to her in which to pay for the goods received. No further orders are delivered until any amount overdoe is paid. The Group's incidence of bad debts has generally been kept to or under one per cent. of sales. In North America, in line with other direct selling companies there, the consultants purchase, pay for and hold a stock of goods, selling products for immediate payment.

Except in France, the consultants are not employees of the Group and consequently the Group makes no social security (or equivalent) payments in respect of them and has no liability to provide any other such benefit to them. In France, because of local legal requirements, sales consultants are employed by the French sales subsidiary.

The status of the consultant as an independent contractor is an important aspect of direct seiling methods in general. The Group seeks to react quickly to any changes when they occur in the taxation and social security regulations relating to the status of consultants in the different countries in which the Group operates.

In the United Kingdom value added tax is levied on the selling company and is based on the suggested retail price payable by the consumer. In other countries turnover taxes are calculated on varying bases.

Direct Selling Methods

In view of the differing characteristics of the markets in which the Group operates, three direct selling methods for Oriflame products are used, namely the Demonstration Method, the SK Method and the Chib Method:-

The Demonstration Method is the method predominantly employed by the Group and it is intended that it will be employed by any new sales subsidiaries and licensed distributors.

The method is based on demonstrations given by sales consultants in private homes to groups of about eight to ten invited guests. Each demonstration is arranged at the home of a hostess who invites her friends to it. Although the hostess bas no conneccion with the Group, she is normally rewarded with a gift for the assistance that she has given. At the demonstration the consultant takes orders and then buys goods as described in "Sales Consultants" above. Consultants are provided with a suggested retail price list. Under this method a comparatively short product range of approximately 60 items is offered.

This method is used by sales subsidiaries in The Netherlands, the United Kingdom, France, Spain and Canada, by licensed distributors in Norway, Ireland and Switzerland and by associated companies in Thailand and the United States. The approximate numbers of consultants active in the countries in which this method is operated are:-

Country	Number
The Netherlands	920
United Kingdom	4,100
France	610
Spain	220
Canada	110
Norway	1,180
Ireland	480
Switzerland.	520
Thailand	240
Tinited States	50

The average value of orders placed by each consultant in a year is approximately \$3,500. In the directors' opinion the maximum number of homes that each consultant can effectively cover through the use of this method is about 1,000. The directors consider that in most countries the market is by no means fully covered and that there is considerable scope for further expansion.

By way of example, in the United Kingdom there are currently some 4,100 consultants and an estimated 20 million households. If the UK sales subsidiary were to achieve the ultimate objective of one consultant per 1,000 bomes on average, it would have some 20,000 consultants.

The SK Method, which is operated in Sweden and Finland, is similar to the method believed to be used by Avon Products

The approximate numbers of Oriflame consultants active in the countries in which this method is operated are:-

SK Method sales are made through individual contact with customers on a one-to-one basis. The full Oriflame product range is included in a catalogue produced every year. Moreover, each year is divided into about 18 sales campaigns; for each campaign a separate sales catalogue is produced, offering a number of items in the product range at reduced prices.

Sales are made by direct contact with customers at bome or at their places of work and, as with the Demonstration Method, the consultant purchases the goods and sells them at a profit to herself, normally on the basis of a suggested retail price list. The nature of this method means that sales per SK consultant tend to be lower than per Demonstration consultant. In the directors' opinion, saturation of the market is not reached until there is one consultant per 200 homes.

The Chib Method combines mail order and direct sales techniques and is currently operated by the Group in Denmark and Germany. Members are recruited into ciubs and receive catalogues which they use to make their own purchases. They are also encouraged to act as consultants, using the catalogue to obtain orders from their friends.

Codes of Practice

Almost all sales subsidiaries are members, and in some cases are represented on the boards, of their national Direct Sales Association. Membership obliges them to observe the national code of direct selling practice. The national associations in Europe are themselves members of the European Federation of Direct Selling Organisations. In the United Kingdom Oriflame UK Limited is a member of the Direct Sales and Service Association.

The Commission of the European Communities has issued a proposal for a directive on direct selling. The enactment of this directive as currently drafted would have no material effect on the Group, since compliance is already made with substantially all its provisions.

MAIL ORDER IN SWEDEN

In 1976 the Group acquired Lagonda, an established Swedish mail order company. This nistrioo was made to expand the Group's activities into areas where its proven expertise in distribution, catalogue development and promotion could be further utilised. Lagonda's catalogue at the time of the acquisition consisted mostly of watches. The product range has subsequently been expanded to cover 2 wider variety of gift items and consumer electronic products; in 1981 thes accounted for approximately one third of Lagonda's turnover.

Lagonda issues its principal catalogue twice a year, the catalogue issued in January, 1982 had 102 pages and a basic mailing list of about 200,000. In addition, Lagonda sends subsequent abbreviated catalogues to its most active purchasers and buys mailing lists from outside the Group; in 1981 about 1.2 million catalogues were mailed.

The Group has made substantial efforts in Lagonda with a view to improving the quality of the product line, strengthening the management, improving the response to the catalogue and asing the volume of sales. A new computer system has recently been installed.

However, Lagonda has not been profitable since its acquisition. After a recovery period up to 1980, when the result was close to break-even, the 1981 results were disappointing as the

recessionary economic climate in Sweden and the weakness of the Swedish krona put pressure on both sales and margins. Efforts are being made in 1982 to restructure and reduce Lagonda's product line, to increase the size of the mailing list and to reduce sensitivity to seasonal fluctuations, thereby improving the return oo turnover.

DIRECTORS, MANAGEMENT AND EMPLOYEES

Jonas at Jochnick, who is 44, is chairman of the Company and of the Executive Committee and is also currently responsible for the New Markets Division. He was one of the founders of Oriflame and has a law degree from Stockholm University and an MBA from Harvard Business

Robert of Jochnick, who is 42 and is the chairman's brother, is deputy chairman of the Company and of the Executive Committee and is responsible for the Scandinavian Sales Division. He has a law degree and an MBA from Stockholm University and was one of the founders of

Swante Pahlson-Moller, who is 40, has been a non-executive director of the Company since 1980. He is an executive director of Blyth Eastman Paine Webber International Limited and has an MBA from Harvard Business School.

Bill Beddow, FCA, who is 61, is a non-executive director. He is chairmao ni London & Midland Industrials PLC and a non-executive director of other listed and public companies in the United Kingdom. He was appointed a director of the Company in 1982.

None of the directors has a service agreement with the Company or any of its subsidianes.

The Group is organised in four operating divisions. These report to the Executive Committee, a central committee with overall responsibility for co-ordinating the Group's management.

The Direct Sales Division, covering those of the Group's established markets where the Demonstration Method is used.

The Scandinavian Sales Division, comprising the Group's direct sales and mail order operations in Scandinavia and Germany. The New Markets Division, which identifies, establishes and develops new markets for

the sale of Oriflame products. The Product Division, covering all activities related to the purchase and manufacture of

Ordiame products, their distribution and their sale to licensed distributors. The Group's management philosophy is to decentralise authority as much as possible. Managing directors of the individual sales companies, who have considerable autonomy, report through their divisional heads to the Executive Committee, which itself reports to the board of directors of the Company. The members of the Executive Committee are Jonas af Jochnick, Robert of Jochnick, Robert Mesterton and Alan Harris.

Robert Mesterton, who is 35, joined the Group in 1978 as managing director of the Swedish sales subsidiary; he was previously managing director of the Swedish company Europear Rental AB. In 1981 he assumed responsibility for the Direct Sales Division and became managing director of the United Kingdom sales subsidiary.

Alan Harris, who is 34, joined the Groop in 1982 and has responsibility for the Product Division. He was previously responsible for manufacturing administration of Avon Cosmetics

Oriflame has recently recruited a new senior executive to be responsible for the New Markets Division, which the chairman has hitherto administered. Christian Barnekow, who is 38, is currently managing director of Electrolux Belgium. He has been with the Electrolux group for 15 years and before his Belgian appointment was deputy managing director of their Mexican subsidiary and deputy regional manager for their direct sales activities in Latin America. He will join the Group shortly and will become a member of the Executive Committee.

Administration and co-ordination of the Group's financial control is effected by a group financial services centre located in Brussels. The local financial controllers in the manufacturing and sales subsidiaries report to this centre, which is managed by two Group financial controllers and reports to the chairman. The centre is responsible for regular management reporting within the Group and for monitoring the budgets and trading performance of subsidiaties.

In addition to the French sales staff, the Company and its subsidiaries have approximately 340 employees, of whom about 75 work in the Dublin factory and laboratories and about 30 work for Lagonda, the remainder comprise finance, administrative, data processing, warehousing, distribution and promotional staff. A further 900 part-time sales staff are currently employed by the French sales subsidiary, of whom some 610 are active.

The Company has recently instituted an Employee Share Option Plan to enable key executives, including executive directors of the Company, to benefit from the performance of the Group, A summary of this plan is set out under "Statutory and General Information" below. Some employees receive a significant proportion of their remuneration in the form of bonuses related to their performance and to Group profit.

Employees of the United Kingdom, Irish and Netherlands subsidiaries participate in insured pension schemes for employees. Other subsidiaries do not operate their own pension schemes.

Special Application Forms will be made available in the United Kingdom to employees of the Group to apply for shares in this Offer for Sale. Such applications will be at the Offer for Sale price, but the minimum number of shares which may be applied for is smaller than that required under applications from the public. A maximum of 43,000 shares, representing approximately five per cost of the shares now being offered for sale, will be reserved for such applications. Details of these arrangements are set out under "Procedure for Application" below.

GROUP STRUCTURE

The Company is registered in Luxembourg. Its status as a Luxembourg holding company results in its only liability to Luxembourg tax (other than capital duty) being an annual charge of 0.2 per cent, oo the value of its issued share capital.

The Irish manufacturing subsidiary qualities until 2000 for reduced rates of corporation tax in the Republic of Ireland in respect of goods manufactured for export. Until 1990 no corporation tax will be payable on profits arising from goods exported. From 1991 to 2000 corporation tax will be payable at the rate of 10 per cent. This subsidiary (as agent for Zetes SA, a member of the Group incorporated in Switzerland) also purchases and sells cosmetic products out manufactured by the Group. The tax treatment of the Contoury and these two subsidiaries is to a significant extent responsible for the relatively low averall Group tax charge.

The sales subsidiaries in Sweden, Denmark, Finland, Germany, the United Kingdom, The Netherlands, Spain, France and Canada are all wholly-owned subsidiaries, as is Lagonda

The Company has a 49 per cent, holding in a joint venture company incorporated in Thailand, with a local partner owning the balance. This company was established in 1980 as a first step in marketing Oriflame products throughout the Far East.

In 1981, in order to gain direct access to the United States market, the Company acquired 25 per cent, of the share capital of Oriflame Corporation (a United States company formed by one of Oriflame's original founders). At the same time it acquired all the trademarks owned by that company and an option, which it intends to exercise, to acquire in January, 1985 the outstanding 75 per cent. of that company's share capital (see material contracts (b), (c) and (d) under "Statutory and General Information" below).

In Switzerland, Norway and the Republic of Ireland local conditions make it more suitable for Oriflame's products to be sold through independent licensed distributors, which have exclusive distribution rights in their respective countries of aperation. Details regarding these distributor-ships are set out in "Distributor Arrangements" under "Statutory and General Information" below.

The principal subsidiaries at 31st December, 1981 are listed in the Accountants' Report

REGISTERED AND BEARER SHARES

The shares of the Company, which form one class and rank part passu, may be held either in registered or in bearer form. Application will be made to the Council of The Stock Exchange for listing of the shares in both forms.

Registered shares may, as the holder elects, be registered either on the Company's principal register in Luxembourg or on the United Kingdom branch register. Shares registered on the principal register may be exchanged for bearer shares and vice versa; for a share registered on the branch register to be exchanged for a bearer share it must first be transmitted to the principal

Bearer share certificates with coupon sheets attached are available from the principal registrar in Luxembourg.

Successful applicants under this Offer for Sale will receive a Letter of Acceptance, which will be renounceable for a period of approximately tour weeks. Unless otherwise instructed, the Company will register the shares represented by Letters of Acceptance on the United Kingdom branch register, which is to be maintained by Williams & Glyn's Registrars Limited.

Further information regarding registered and bearer shares, including the procedures for transmission of shares between registers and the exchange of registered share certificates for bearer share certificates, is set out in "Registered Shares and Bearer Shares" under "Statutory and General

PROFIT RECORD, PROFIT FORECAST AND DIVIDENDS

Profit Record

The profit record for the five years ended 31st December, 1981 is set out in the Accountants' Report below. During that period sales increased from \$11.5 million to \$38.4 million, profit before tax from \$1.5 million to \$5.8 million and carnings per share from \$0.26 to \$0.97. These represent increases by factors of 3.34 times in sales, 3.57 times in profit before tax and 3.73 times in carnings per share.

Having regard to the unaudited figures for the operating companies in the Group for the first quarter of 1982 and to subsequent management information, the directors have prepared a forecast for the Group for the current year ending 31st December, 1982. On the bases and assumptions set out under "Profit Forecast - Assumptions and Reports" below and in the absence of unforescen circumstances, the forecast is as follows:-

		Smillion
Sales, excluding turnover taxes	approximately	40.00
Profit before text Tax	approximately approximately	6.75 (0.75
Profit after tax	aporoximately	6:00
Earnings per share	approximately	\$1.16

The published profit and loss account is compiled on the basis of the average exchange rates in the year concerned. The forecast has been compiled on the basis of the actual exchange rates for each of the first four months of 1982 and on the assumption that the exchange rates for the iming eight months will not vary significantly from those ruling at 30th April, 1982. The carnings per share have been calculated on the basis of the estimated weighted average

number of shares outstanding in the year. Copies of letters from the Reporting Accountants and the Issuing Houses on this forecast

are set out under "Profit Forecast-Assumptions and Reports" below.

A dividend equivalent to \$0.2143 pershare in respect of the year ended 31st December, 1981 was approved on 14th May, 1982 for immediate payment. Holders of shares acquired pursuant to this Offer for Sale will not be entitled to this dividend.

Luxembourg law permits the payment of dividends only if approved by shareholders in general meeting and out of audited realised profits of the Company which have been so approved or out of other distributable reserves. Accordingly, if an interim divideod is to be paid, it must previously have been authorised by the shareholders. At the annual general meeting on 14th May, 1982 the shareholders authorised the directors to pay an interim dividend of such amount as they may determine, up to a maximum of \$2.5 million or (if lower) the amount of the Company's distributable reserves. In the absence of unforeseen circumstances the directors expect that the Company will pay an interim dividend in November, 1982 of not less than \$0.20 per share (\$1.1 million in total), for which the shares now being offered will rank.

In the absence of unforeseen circumstances the directors expect to recommend payment of a dividend in May, 1983 of \$0.30 per share which, together with the interim dividend referred to above, would represent a total of \$0.50 per share. Oo the basis of the above forecast this would be covered 2.3 times. The directors expect, future dividends to be paid in dollars in November and May in each year.

Holders of shares registered on the Luxembourg register will receive their dividends in

For dividends payable to holders of shares registered on the United Kingdom branch register, the United Kingdom register will, as soon as practicable after the record date for the relevant dividend, sell the appropriate dollars for sterling, without recourse, to enable dividends to be paid in sterling to those shareholders.

Holders of bearer shares may collect their dividends, which will be paid in dollars, from the paying agents in Luxembourg, London or Geneva.

Dividends will be paid without deduction of any Luxembourg withholding or other Luxembourg tax. Information regarding the taxation treatment of dividends received by shareholders is set out in "Tax Effects for Shareholders" under "Statutory and General Information"

PROCEEDS OF THE OFFER FOR SALE

Of the total proceeds of this Offer for Sale some £2.35 million will be represented by subscription momes receivable by the Company from the issue of new shares and from the sale of the shares currently in Treasury (prior to deduction of the expenses of this Offer for Sale, which are estimated to be £500,000). The Company has arranged the forward purchase of \$3.54 million at £1=\$1.8175 for £1.95 million to coincide with receipt of the proceeds.

In addition, 466,667 shares are being sold by existing sharcholders, as described in Tissue Arrangements" under "Statutory and General Information" below.

The net proceeds receivable by the Company will be utilised to finance the Group's further expansion and development. The exercise of the option to purchase the outstanding 75 per cent, of the share capital of Oriflame Corporation would cost approximately \$1.572 million. Taking into account the estimated net proceeds and existing bank and other facilities and cash balances, the directors are of the opinion that the Company and its subsidiaries will have sufficient working capital for their present requirements.

PROSPECTS

The directors view the Group's future with confidence. In the directors' opinion direct selling and mail order will become more widespread selling methods in most countries and, with its newly enhanced product range, proven selling techniques and experience in entering new markets, the Group is well placed to take advantage of this trend. Oriflame has now established its position as an international direct sales cosmetics group with a consistent record of growth and is in a strong

Although the Group is in broadly the same markets as other cosmetic manufacturers, the directors do not consider that the Group is materially affected by competition from cosmetics companies selling through traditional retail outlets, since the future growth of the Group is to a large extent dependent on the identification and appointment of sales consultants. The principal competitive pressures to which the Group is subject are from other direct sales organisacions, but the directors believe that these will not significantly restrain the growth in the number of Oriflame

The Group's market share for its various products in the different countries in which it operates is relatively small and, as indicated above, the directors believe that considerable scope exists for future growth through increasing the number of consultants.

At the manufacturing plant in Dublin, which is expected to produce approximately one half of the Oriflame cosmetie products to be sold in 1982, both production and warehousing capacity have been increased to keep pace with growth in sales and to increase the proportion of cosmetic products manufactured by the Group.

The entry into the United States market provides a major challenge and, in the opinion of the directors, an opportunity for growth over many years to come, particularly in view of the high awareness in the United States of direct selling. The Group's United States operations, which are at present small, are on both the West Coast, with an office and warehouse in Los Angeles, and the East Coast, with an office and warebouse in Boston.

The establishment of a joint venture in Thailand represents the first step in developing markets for Oriflame's cosmetic products in the Far East. Initial sales are encouraging. The Group now owns the Oriflame trademarks in most of the major territories in the Far East. The directors believe that direct selling is a growing method of sales in these territories, particularly because of their social structures and the nature of retail trade there.

The Group intends to carry out a feasibility study of the Italian market in 1982, to be The directors intend that the Group will continue to provide a range of high quality

products, using its proven direct selling techniques, and thereby continue to grow.

PROFIT FORECAST - ASSUMPTIONS AND REPORTS

The profit forecast set out under Profit Record, Profit Forecast and Dividends showe has been prepared on the basis the accounting policies normally adopted by the Company and its substitutions and relicets the results shown by unaudited inagement accounts for the three months under 31st March, 1982 and subsequent unstitled management information, during forecasts of the results of the manufacturing and sales subsidiaries. The torecast has been prepared on the following principal bases and assumptions --

- the approximent and retention of consultates and the average weekly sales per consultant will follow established

- there will be no significant disruption in the production and distribution of Oriflame and Lagonda products;

- there will be no price controls or other changes in law or its interpretation affecting the Group's activities or the — the exchange rates of the currencies in which the Group trades and accounts will not alter materially from their relationships at 38th April, 1962; the forecast has been complied on the basis of actual-weighing rates for each of the first tour months of 1982 and on the groundpoint that the exchange rate, for the remaining eight months will not vary squaffestify from those rating at 36th April, 1982;

- the bases and rates of direct and indirect taxation rating in each country of operation will not change materially from that currently applicable; and

- naterest rates will not alter materially from these ruling at 79th April, 1952.

Reports
The tellowing are copies of letters to the directors of the Company from the Reporting Accountment and the Issuing Fouries relative to the profit formuse:-

Gentlemen We have reviewed the accounting policies and calculations for the profit forecast of Criftene International SA and its subsidiary companies for the year ending 11st December, 1752 set not in the Office for Sale dated 17th May, 1852. The forecast reflects the results shown by the unaustred management accounts for the three maintae ended 31st March, 1952 and inhorpient immidited management information

In our opinion the forecast (for which the directors are solely responsible), on Let us the accounting policies and educations are concerned, has been properly compiled on the looking of the assumptions made by the directors set out in the United for Sale and is presented on a bank consistent with the accounting pelacies normally adopted by the Company. Yours faithfully,

PEAT, MARWICK, MITCHELL & Co. .

-- --Onfame International SA - -Gentlimen, We refer to the profit forecast of Ordinane Imernational SA and its subsidiaries for the year ending 31st December, 1982 contained in the Offer for Sale dated 19th May, 1982.

. : 19th May, 1932

We have discussed with officers of the Group the bases and assumptions on which the forecast is made and have considered the letter dated Phli May, FIS2 from Pear, Marwick, Mitchell & Co. regarding the accounting basic and calculations adopted in arriving at the forecast.

As a result of these discussions, and in the light of the letterfrom Post, Marwick, Mitchell & Co., we have formed the spinnon; that the profit forecast, for which you are solely responsible, has been prepared after due and careful enquity. Yours lethinity,

ine MORGAN GRENFELL & CO. LUNITED Patrick Spans Lineary

for BLATTHEASTMAN PAINE WERRER INTERNATIONAL LIBITED Richard P. Buder President

ACCOUNTANTS' REPORT

The following is a copy of a report received from Peat, Marwick, Mitchell S. Co. (Brussels), the Company's Auditor and the Reporting Accountant The Directors, 19th May, 1932

ne corretors, Ordiame International SA Morgan Grenfell & Co. Limited Blyth Eastman Paine Webber International Limited

onen. We have examined the audited accounts of Oriflame International SA ("the Computer") and its reliabilitary companies, ively referred to as "the Group", for the periods relevant to this report in accordance with Auditing Standards approved Institute of Chartered Accountains in England and Wales. These accounts were prepared under the Institute of the Property of the Property

The summarised profit and her accounts, balance sheets and statements of course and application of funds see one below are based on the audited accounts after making such adjustments as we consider appropriate. In our opinion, uses aummaries, together with the notes thereon, give, under the convention stated above, a true and fair view of the profits and source and application of funds of the Group for the periods stated and of the state of affairs of the Company and of the Group at the dates sated. No audited accounts of the Company or of any of its substitutes have been prepared in respect of any period tent to 31.4 December, 1981.

Accounting Policies 1000 Sec. 1000 1

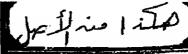
The significant accounting policies adopted by the Company are as follows:

(i) Accounting convention The accounting policies of the Company and its subsidiaries conform with International Accounting Standards (as pround, gated by the International Accounting Standards Committee). In most whete there are no International Accounting Standards, the Company has adopted accounting standards which are considered to have international acceptance. The current set out below have been prepared under the historical cost convention. (ii) Basis of consolidation.

The corcolatered acquant, apprepare the assets and liabilities and profits and loster of the Company and its subsidiaries. All acquisitions inter-company balances and transactions have been eliminated on consolidation. The consolidated accounts include the Group's share of post acquisition analysis of exocurred companies.

(iii) Sales.
Sales, which enclude value added tax and taker applicable turnoser taxes, represent cales to antividual sales constituting, associated companies and licensed distributors or, in the case of mail order ades, to individual customers. (iv) Goodwill and trademarks Goodwill and trademarks are amortised over a period of 15 years.

ملذا مندلاصل



(X)ORIFLAM				_	continued
(v) Foreign currencles All amounts stated are in US dollars. The Committee are in the design are				ing salah Salah Salah	•
The Company uses the claiming rate method, a Strickards Commune, in accounting for focus subtrains are translated at the closing rates of Exchange differences among on trading transla-	- observer of		od., gegets, gor	1 12075111005 72	LOCKER SELS-
ansing on the translation of the accounts of foreign	व्यक्तिकार्यकार्यकार्यकार्यकार्यकार्यकार्यकार्य	echousey se too	Activation is	SCLACE"	e immediated
Species and work in progress are stated at the lower market value. (vii) Depreciation			• . •		
Depreciation is provided so so to write off fixed as: Buildings 2 to 5 Plant and machinery 5 15	per cent, per anno per cent, per anno per cent, per anno	TT.	wa. The depr	reinion rates	in trecenzo-
Motor vehicles 20 Lessehold improvements are approved on	per cent, peranno nercent, peranno		-54-9		•
(viii) Deferred income tores	-				
acognition of mome and expense for accounting. (b) The Company does not provide income tones the form of dividends.	and text purposes.	भागु द्याज्ञृत्य भाग्यु द्याज्ञृत्य	egnificant for Esubsidiaries	क्षात्र विकास विकास	istribution in
(iz) Research and development Research and development costs are written off as: (x) Present rating costs	incurred.	٠		· · · · ·	
Costs incurred during the start up of cales mais an					
The Group has received a capital grant from the Iris This grant is credited to income in equal installment	& over the estima	sopment Anna Red useful lives	of the relater	ो स्टब्स्टर विद्यालय	and plant.
Consolidated Profit and Loss Accounts Non	1977	Years ended	31st December 1979	1980	1981
SALES, excluding turnover taxes 1 Cost of sales and expenses 2 TRADING FROFIT	11,501 9,940	78,625 16.702	28,486 25,218	37,808 32,969	38,359 32,352
Net interest charges Share of losses of associated companies	1,561 (88)	1,923 (94)	3,263 (32)	4,839 (410)	(125)
PROFIT BEFORE TAX THE 3 PROFIT AFTER TAX	1,473 220 1,253	1,829 275 1,554	3,236 376	4,429 728 4,201	5,784 852
EARNINGS PER SHARE 5 DIVIDEND PER SHARE 5 and 13	\$0.26 \$0.04	\$0,33 \$0,07	2,860 30,60	\$0,85	4.932 \$0.97
The figures for earnings per share and divid reasonization effected on 14th May 1982. The com-	land sieraham ala		\$1,13 t the share cap t been adjuste	\$0.17 Stal in laue aft at on the busin	\$0.21 terthe capital described in
Note 5. Raismore Sheets					
	Note	. The	Group 3000	The	Company 8000
FIXED ASSETS Freehold land and buildings Long leasthold land and buildings	6		787	-	_
Plant and machinery Furniture and equipment Lesschold improvements	· · · ·		875 349 - 150		Ξ
Motor vehicles NON-CURRENT RECEIVARIES	er egel e		5,445	1. 7	
AND OTHER ASSETS INVESTMENT IN SUBSIDIARY COMPANIE INVESTMENT IN ASSOCIATED COMPANIE	7 S . 8 S 9		555 195		507 10,843 195
CURRENT ASSETS Stocks and work in progress		6,499	6,195	_	11,545
Debuss and prepayments - Cash-		3,882 5,382 15,763		2,585 1,387 3,972	•
CURRENT LIABILITIES Creditors and acquels Current tax		5,437 1,197	·. ·	3,832	
Carrent portion of long term loans Bank overdrafts and short term loans	10 10	355 1,225 8,214		3,832	· :
NET CURRENT ASSETS			7,549 13,744	3,032	140 11,685
Long Term Loans Deferred Tax Deferred investment grants	10 - 15	.z. 13.	(1,274) (643) (761)		=
NET TANGIBLE ASSETS GOODWILL AND TRADEMARKS NET ASSETS	21		11,066 884 11,950		.11,685 265 11,950
NET ASSETS			-		
FINANCED BY Share capital	12	1	2,206		2,206
FINANCED BY Share capital Paid to carpha Reserves	13		_ 10,733 - 13,700		761 10,733 13,700
FINANCED BY Share capital Paid in surplus	E E E		761 - 10,733 -		761 10,733
FINANCED BY Share capital Taid to capital Reserves Leacenst of Treasury shares	13	- Nose -	761 - 10,733 - 13,700 (1,750) - 11,950 - The Group		10,733 13,700 (1,750) 11,950
FINANCED BY Share capital Paid in curplus Reserves Leacenst of Treasury chares SHAREHOLDERS' EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981 Estimated increase in net assets as a result of the Offices; payment of dividend relating to 1981	13 13 12 12 erfor Sale	16 13	- 10,733 - 13,700 (1,750) - 11,950		761 10,733 13,700 (1,750) 11,950
FINANCED BY Share capital Paid in curplus Reserves Lessent of Treasury shares SHAREHOLDERS' EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981 Estimated increase in Det assets as a result of the Offices: payment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE T	13 12 12 erfor Sale TO SHARRHOL	16 13	761 - 10,733 - 13,700 (1,750) - 11,950 - 310 Group - 3000 - 11,950 - 2,733		761 10,733 13,700 (1,750) 11,950 11,950 11,950 2,733
FINANCED BY Share capital Paid in curplus Reserves Leacenst of Treasury chares SHAREHOLDERS' EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981 Estimated increase in net assets as a result of the Offices; payment of dividend relating to 1981	13 12 12 erfor Sale TO SHARRHOL	16 13 DERS	761 - 10,733 13,700 (1,759) 11,950 11,950 11,950 2,733 (1,042) 13,641	nber:	761 10,733 13,700 (1,750) 11,950 11,950 2,753 (1,042)
FINANCED BY Share capinal Paid in curplus Reserves Less cost of Treasury clares SHAREHOLDERS' EQUITY Adjusted Net Assets NET Asset's Sist December, 1981 Sistemented increase in net assets as a result of the Offices: payment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE To Statements of Source and Application of I SOURCE OF FUNDS Profit before tax Adjustment for incus not involving the newsment of	13 12 12 12 27 27 27 27 27 27 27 27 27 27 27 27 27	16 13 DERS - Years 1978 5000	761 - 30,733 13,700 (1,750) 11,950 11,950 - 730 11,950 2,733 (1,042) 13,641 - 1979 5000 3,236	1980 5000 4,423	761 10,733 13,700 (1,750) 11,950 11,950 2,733 (1,042) 13,641 1981 8000
FINANCED BY Share capital Paid in template Reserves Less cost of Treasury shares SHAREHOLDERS'EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981 Estimated increase in net assets as a result of the Offices; payment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE? Statements of Source and Application of I SOURCE OF FUNDS Froit before tax Adjustment for items not involving the newement of Depreciation Results of associated companies Exchange loss (profit) on convertible dehentures	13 12 12 12 12 15 16 17 17 17 17 17 17 17 17 17 17 17 17 17	76 13 DKRS - Yearse - 1978 - 5000	761 - 10,733 13,700 (1,750) 11,950 11,950 2,733 (1,042) 13,641 2,641 2,641 2,641 2,641	1980 5900	761 10,733 13,700 (1,750) 11,950 11,950 2,733 (1,042) 13,641
FINANCED BY Share capital Paid in curplus Reserves Leaseout of Treasury shares SHAREHOLDERS' EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981— Estimated increase in net assets as a result of the Offi Less: payment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE T Statements of Source and Application of I SOURCE OF FUNDS Froit before tax Adjustment for items not involving the novement of Depociation Results of associated companies Exchange loss (profit) on convertible debentures Own shares previously repurchased issued as profit sharing Other (nex)	13 12 22 27 27 28 28 28 28 28 28 28 28 28 28 28 28 28	16 13 DERS - Years - 1978 - 5000 1,829 - 107 - 166 - 62 - 66	761 10,733 13,700 (1,750) 11,950 11,950 2,733 (1,042) 13,641 13,641 240 13 150 61	1980 \$000 4,423 263 (36)	761 10,733 13,700 (1,750) 11,950 11,950 2,733 (1,042) 13,641 1981 8000 5,734 219 98
FINANCED BY Share capital Paid in curplus Reserves Leaseout of Treasury shares SHAREHOLDERS' EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981— Estimated increase in net assets as a result of the Offi Less: payment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE T Statements of Source and Application of I SOURCE OF FUNDS Froit before tax Adjustment for items not involving the novement of Depociation Results of associated companies Exchange loss (profit) on conventible debentures Own shares previously repurchased issued as peofit sharing Other (net) Total generated from operations Finals from other sources— Shares issued	13 12 12 12 12 15 10 10 1473 15 1473 1473 1473 1473 1473 1473 1473 1473	16 13 DERS - Years 1978 - 5000 1,829 107 166 62	761 - 10,733 13,700 (1,750) 11,950 11,950 11,950 2,733 (1,042) 13,641 1000 3,236 240 13	1980 \$000 4,423 263 (36)	761 10,733 13,700 (1,750) 11,950 11,950 2,733 (1,042) 13,641 1981 8000 5,784 219 98
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FINANCED BY Share capital Paid in tumping Reserves Less cost of Treasury shares SHAREHOLDERS'EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981 Estimated increase in net assets as a result of the Offices: payment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE? Statements of Source and Application of I SOURCE OF FUNDS Froit before tax Adjustment for items not involving the newement of Depociation Results of associated companies Exchange loss (profit) on convertible debentures Own shares previously repurchased issued as profit sharing Other (net) Total generated from operations Funds from other sourcess Share issued Locrated in other loans Increase in other loans Increase in other loans Increase in other loans Investment grants (net) Decrease to non-current receivables and other assets	13 15 12 12 12 15 16 16 1977 5000 1,473 1,558 36 730 	16 13 DERS - Years 5000 1,829 107 166 62 66 2230 139 61 128	761 - 10,733 - 13,700 - (1,750) - 11,950 - 11,950 - 11,950 - 11,950 - 2,733 - (1,042) - 13,641 - 1979 - 5000 - 3,236 - 240 - 13 - 150 - 61 - 3,700 - 393 - 316 - 4,909 - 357	1980 5000 4,423 263 (36) 61 4,717 30 104 4,863	761 10,733 13,700 (1,750) 11,950 2,733 (1,042) 13,641 8000 5,734 219 98 61 6,162 50 2,153 1,642 13,641
FINANCED BY Share capital Paid in tumpling Reserves Leasenst of Treasing shares SHAREHOLDERS' EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981— Estimated increase in net assets as a resolt of the Offices; payment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE TO Statements of Source and Application of I SOURCE OF FUNDS Profit before tax Adjustment for items not involving the newement of Depreciation Results of associated companies Exchange loss (profit) on convertible debentures Own shares previously repurchased issued as profit sharing Other (net) Ital generated from operations Funds from other sources— Share issued Convertible debentures issued Increase in other loans Investment grants (net) Decrease to non-current receivables and other assets APPLICATION OF FUNDS Dividends paid Increase of geodwill on acquisition	13 12 12 12 12 15 16 16 16 16 16 16 16 16 16 16 16 16 16	166 137 1978 1978 5000 1,829 107 166 62 62 66 2,230 139 61 125 76 2,684	761 10,733 13,700 (1,750) 11,950 11,950 11,950 2,733 (1,042) 13,641 1979 \$000 3,236 240 13 250 13,700 393 316	1980 \$000 4,429 263 (36) 61 4,717 30 104 4,868 615 306 1,173	761 10,733 13,700 (1,750) 11,950 11,950 11,950 11,950 12,753 (1,042) 13,641 1981 1980 5,784 219 98 61 6,162 50 215 27 163 6,597
FINANCED BY Share capital Paid-in corplain Reserves Least of Treasiny shares SHARRHOLDERS' EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981— Statements in net assets as a resolt of the Offices: payment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE TO Statements of Source and Application of 3 SOURCE OF FUNDS Profit before tax Adjustment for items not involving the newement of Depreciation Results of associated companies Exchange loss (profit) on convertible dehentures Own shares previously repurchased issued as profit sharing Other (ner) Ital generated from operations Tands from other sources— Share insued Convertible debentures issued Increase in other loans Investment grants (net) Decrease to non-current receivables and other assets APPLICATION OF FUNDS Dividends paid Increase of goodwill on acquisition Investments in associates Repayment of trademarks Apparent of trademarks	13 15 12 12 12 15 10 10 10 10 10 10 10 10 10 10 10 10 10	166 13 1978 1978 1978 1978 107 166 66 22 230 139 61 125 76 2684 203 2 1420	761 - 10,733 - 13,700 - (1,750) - 11,950 - 11,95	1980 \$000 4,429 263 (36) 61 4,717 30 	761 10,733 13,700 (1,750) 11,950 11,950 2,733 (1,042) 13,641 1981 8000 5,734 219 98 611 6,162 50 215 27 163
FINANCED BY Share capital Paid in tumping Reserves Lescont of Treasury shares SHAREHOLDERS' EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981 Estimated increase in net assets as a resolt of the Offices: payment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE? Statements of Source and Application of I SOURCE OF FUNDS Front before tax Adjustment for items not involving the newement of Depreciation Results of associated companies Exchange loss (profit) on convertible debentures Own shares previously repurchased issued as posit sharing Other (act) Iotal emerated from operations Finds from other sources— Share issued Increase in long term loans Increase in other loans Investment grants (act) Decrease to non-current receivables and other assets APPLICATION OF FUNDS Dividends paid Increased:	13 15 12 12 12 15 16 1977 2000 1,473 1,558 36 730 260 349 91 260 349	166 13 DERS 1978 1978 1978 1978 1978 1978 1979 1976 66 62 66 62 66 62 66 62 66 62 62 62 62	761 10,733 13,700 (1,750) 11,950 11,9	1980 \$000 4,429 263 (36) 61 4,717 30 	761 10,733 13,700 (1,750) 11,950 11,950 11,950 11,950 2,733 (1,042) 13,641 1981 8000 5,734 219 98 61 6,162 30 215 27 163 871 388 450 221 250 11 1,750
FINANCED BY Share capinal Paid in coupling Reserves Lessenst of Treasury shares SHAREHOLDERS'EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981— Estimated increase in net assets as a result of the Offices: payment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE To Statements of Source and Application of I SOURCE OF FUNDS Froit before tax Adjustment for items not involving the newement of Depreciation Results of associated companies Exchange loss (profit) on convertible debentures Own shares previously repurchased issued 23 profit sharing Other (net) Total generated from operations Funds from other sourcess— Shares issued Convertible debentures issued Increase in long term loans Increase in other loans Investment grants (net) Decrease to non-current sectivables and other assets APPLICATION OF FUNDS Friedman paid Recyment of leans Repayment of leans	13 15 12 12 12 15 16 16 1977 5000 1,473 1,558 36 730 260 349 91	166 1978 1978 5000 1,829 107 166 62 66 2,230 139 61 126 2,664 2,230 219	761 10,733 13,700 (1,750) 11,950 11,950 11,950 2,733 (1,042) 13,641 1979 5000 3,236 240 13 150 150 150 3,700 393 316 4,909	1980 \$000 4,429 263 (36) 61 4,717 30 	761 10,733 13,700 (1,750) 11,950 11,950 11,950 11,950 2,733 (1,042) 13,641 1981 8000 5,734 219 98
FINANCED BY Share capital Paid-in tourplant Reserves Leasonst of Thesing shares SHAREHOLDERS'EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981— Statement increase in net assets as a resolt of the Offices: payment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE TO Statements of Source and Application of I SOURCE OF FUNDS Profit before tax Adjustment for items not involving the newement of Depreciation Results of associated companies Exchange loss (profit) on conventible debentures Own shares previously repurchased issued as profit sharing Other (net) Total generated from operations Finals from other sources— Share issued Convertible debentures issued Increase in other loans Increase in other loans Increase in other loans Investment grants (net) Decrease to non-current securiables and other assets APPLICATION OF FUNDS Dividends paid for pa	13 15 12 12 12 15 15 16 16 16 16 16 16 16 17 17 1,558 1,558 16 17 1,558	166 13 DERS 1978 1978 5000 1,529 107 166 62 66 62 66 2,230 139 61 128 22 1,230 219 219 219 1502 1,502 1,502 1,502 1,502	761 10.733 13.700 (1.759) 11.950 11.950 11.950 2.733 (1.042) 13.641 1979 5000 3.236 240 13 150 3.700 3.326 240 17 150 3.700 4.1959 2.728 1177 4.145 1.156	1980 \$000 4,429 263 (56) 611 4,717 30 	761 10,733 13,700 (1,750) 11,950 11,950 11,950 11,950 12,733 (1,042) 13,641 1981 8000 5,734 219 98 61 6,162 50 215 27 163 871 388 450 221 250 11 1,750 3,932 (2,215) 450 (2,096)
FINANCED BY Share capital Paid-in coupling Reserves Lescont of Treasiny shares SHAREHOLDERS'EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981 Estimated increase in net assets as a result of the Offices: payment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE? Statements of Source and Application of I COURCE OF FUNDS Froit before tax Adjustment for items not involving the newement of Depreciation Results of associated companies Exchange loss (profit) on conventible debentures Own shares previously repurchased issued as profit sharing Other (net) Total generated from operations Funds from other sourcess Shares issued Convertible debentures issued Increase in other leans Investment grants (net) Decrease in other leans Investment grants (net) Decrease in other leans and other assets APPLICATION OF FIRMDS Dividends paid list paid. Reserved in non-current sectivables and other assets APPLICATION OF FIRMDS Dividends paid list paid. Reserved in non-current smeets Debenture repayments Benefits of trademarks Increase in non-current smeets Debenture repayments Benefits print (losses) Vet increase (decrease) in working capital Made inp as followers Stockes Debtons and prepayments Creditors and prepayments Creditors and accruzing Creditors and accruzing	13 15 12 12 15 16 16 1977 5000 1,473 1,558 36 730 260 349 97 2,401 154 50 2,60 3,49 97 2,401 1,776 386 1,899 1,776	166 130 1978 1978 5000 1,829 107 166 62 62 66 2,230 139 61 128 203 219 219 219 219 219 219 219 219 219 219	761 10,733 13,700 (1,750) 11,950 11,950 11,950 2,733 (1,042) 13,641 1979 5000 3,236 240 13 150 3,700 3,236 240 13 150 150 150 150 150 150 150 150 150 150	1980 \$000 4,429 263 (36) 61 4,717 30 	761 10,733 13,700 (1,750) 11,950 11,950 11,950 2,733 (1,042) 13,641 10,101 10,1
FINANCED BY Share capital Paid-in corplain Reserves Learnest of Treasiny shares SHARRHOLDERS' EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981 Statements in net assets as a resolt of the Offices: payment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE TO THE ASSETS ATTRIBUTABLE TO DEPOSIT OF THE ASSETS AND ASSETS A	13 13 12 12 12 15 16 16 16 16 16 16 16 16 16 16 16 16 16	166 13 DERS 1978 5000 1,829 107 166 62 66 62 2,230 139 61 128 1,230 219 1,532 1,172 1,662 1,172 1,060	761 10,733 13,700 (1,750) 11,950 11,950 11,950 11,950 11,950 13,641 1979 5000 3,236 240 13 150 61 3,700 3,236 240 13 150 150 150 150 150 150 150 150 150 150	1980 \$000 4,423 263 (36) 	761 10,733 13,700 (1,750) 11,950 11,950 2,733 (1,042) 13,641 980 5,784 219 98 611 6,162 50 215 250 215 388 450 221 250 215 250 215 450 221 250 250 261 261
FINANCED BY Share capital Paid-in coupling Reserves Leaseous of Treasony states SHARRHOLDERS'EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981— Estimated increase in net assets as a result of the Offices: payment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE TO Statements of Source and Application of I SOURCE OF FUNDS From before tax Adjustment for items not involving the nowement of Depreciation Results of associated companies Exchange less (profit) on convertible debentures Own shares previously repurchased issued as profit sharing Other (net) Total generated from operations Funds from other sources— Shares issued Convertible debentures issued Increase in other loans Investment grants (net) Decrease to non-current receivables and other assets APPLICATION OF FUNDS Fixed and paid Increase in concurrent general Repayment of feans increases in concurrent general Repayment of feans increases in concurrent general Repayment of feans increases (decrease) in working capital Lade up as follower— Socies Declease and prepayments Creditions and accurate Movement in met Equid funds formmany of the effects of the acquisition of salesidances—	13 15 12 12 12 15 16 1977 2000 1,473 1,558 36 730 260 349 91 154 50 260 349 91 1,776 189 91 1,776 189 91 1,776	166 13 DERS 1978 1978 5000 1,529 107 166 66 66 66 62 2,230 139 61 128 219 219 219 219 219 219 1,682 1,172 1,682 1,172 1,060 442	761 10,733 13,730 (1,750) 11,950 11,950 11,950 11,950 11,950 11,950 11,950 13,641 1979 5000 3,236 240 13 150 150 14,909 357 45 2,728 117 150 3,399 267 1,777 4,145 1,156 (2,939 2,93	1980 5000 4,429 263 (36) 61 4,717 30 	761 10,733 13,700 (1,750) 11,950 11,950 11,950 2,733 (1,042) 13,641 1981 8000 5,734 219 98 61 6,162 30 215 277 163 450 221 250 11 1,750 3,932 (2,215) 450 (2,096) (440) 2,725 2,725
FINANCED BY Share capital Paid-in coupling Reserves Leasenst of Treasury shares SHARRHOLDERS'EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981— Estimated increase in net assets as a result of the Offices: payment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE TO Statements of Source and Application of I SOURCE OF FUNDS From before tax Adjustment for items not involving the nowement of Depreciation Results of associated companies Exchange less (profit) on convertible debentures Own shares previously repurchased issued as profit sharing Other (net) Total generated from operations Funds from other sources— Shares issued Convertible debentures issued Increase in other loans Investment grants (net) Decrease to non-current receivables and other assets APPLICATION OF FUNDS Fivilends paid Lex paid. Wer additions in fixed assets Perchase of goodwill on acquisition investments in associates Repayment of loans anchaste in indemnts increase (decrease) in working capital Basic passets in payments Conducting gives (loans) Society and prepayments Conducting gives (loans) Movement in met Equid funds Conducting gives (loans) Get assets magnified— Fixed assets (net) Goodwill	13 12 12 12 13 15 16 177 1900 1473 1473 1473 1473 154 50 36 36 36 36 36 36 36 36 36 36	166 130 1978 1978 5000 1,829 107 166 62 62 66 2,230 139 61 1,828 219 1,922 1,922 1,192 1,1050 1,050 1,050 1,502	761 10,733 13,730 (1,750) 11,950 11,950 11,950 11,950 11,950 11,950 11,950 13,641 1979 5000 3,236 240 13 150 150 14,909 357 45 2,728 117 150 3,399 267 1,777 4,145 1,156 (2,939 2,93	1980 5000 4,429 263 (36) 61 4,717 30 	761 10,733 13,700 (1,750) 11,950 11,950 11,950 2,733 (1,042) 13,641 1981 8000 5,734 219 98 61 6,162 30 215 277 163 450 221 250 11 1,750 3,932 (2,215) 450 (2,096) (440) 2,725 2,725
FINANCED BY Share capital Paid-in coupling Reserves Lessenst of Treasury shares SHARRHOLDERS' EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981— Estimated increase in net assets as a result of the Offices: payment of dividend relating to 1961 ADJUSTED NET ASSETS ATTRIBUTABLE TO Statements of Source and Application of I source tax Adjustment for items not involving the newement of Depreciation Results of associated companies Exchange less (profit) on convertible debentures Own shares previously repurchased issued as a polit sharing Other (net) fotal generated from operations Funds from other sources— Shares issued Convertible debentures issued Locrease in long term loans Increase in other loans Increase in other loans Increase in other loans Increase in one term loans Investment grants (net) Decrease to non-current sectivables and other assets APPLICATION OF FIRNDS Fixed and paid Exercised to ano-current general Repayment of feans archase of trademarks increases in concentrations Reserved in ano-current general Repayment of feans archase of trademarks increases (decrease) in working emits Benefation gains (loses) Vet increase (decrease) in working emits Local sects (net) Goodwill Not liabilities	13 12 12 12 13 14 1977 5000 1,473 1,558 36 730 2,401 154 50 2,401 154 50 2,401 154 50 2,401 1,776	166 13 DERS 1978 5000 1,829 107 166 66 2,230 139 61 125 1,502 1,50	761 10,733 13,730 (1,750) 11,950 11,950 11,950 11,950 11,950 11,950 11,950 13,641 1979 5000 3,236 240 13 150 150 14,909 357 45 2,728 117 150 3,399 267 1,777 4,145 1,156 (2,939 2,93	1980 5000 4,429 263 (36) 61 4,717 30 	761 10,733 13,700 (1,750) 11,950 11,950 11,950 2,733 (1,042) 13,641 1981 8000 5,734 219 98 61 6,162 30 215 277 163 450 221 250 11 1,750 3,932 (2,215) 450 (2,096) (440) 2,725 2,725
FINANCED BY Share capital Paid-in coupling Reserves Lessenst of Treasury shares SHARRHOLDERS' EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981— Estimated increase in net assets as a result of the Offices: payment of dividend relating to 1961 ADJUSTED NET ASSETS ATTRIBUTABLE TO Statements of Source and Application of I source tax Adjustment for items not involving the newement of Depreciation Results of associated companies Exchange less (profit) on convertible debentures Own shares previously repurchased issued as a polit sharing Other (net) fotal generated from operations Funds from other sources— Shares issued Convertible debentures issued Locrease in long term loans Increase in other loans Increase in other loans Increase in other loans Increase in one term loans Investment grants (net) Decrease to non-current sectivables and other assets APPLICATION OF FIRNDS Fixed and paid Exercised to ano-current general Repayment of feans archase of trademarks increases in concentrations Reserved in ano-current general Repayment of feans archase of trademarks increases (decrease) in working emits Benefation gains (loses) Vet increase (decrease) in working emits Local sects (net) Goodwill Not liabilities	13 13 13 12 12 12 12 12 12 12 12 12 12 12 12 12	166 13 DERS 1978 1978 5000 1,829 107 166 62 62 66 2,230 139 61 128 219 1,222 1,222 1,172 1,060 442 1,502 1,5	761 10,733 13,730 (1,750) 11,950 11,950 11,950 11,950 11,950 11,950 11,950 13,641 1979 5000 3,236 240 13 150 150 14,909 357 45 2,728 117 150 3,399 267 1,777 4,145 1,156 (2,939 2,93	1980 5000 4,429 263 (36) 61 4,717 30 	761 10,733 13,700 (1,750) 11,950 11,950 11,950 2,733 (1,042) 13,641 1981 8000 5,734 219 98 61 6,162 30 215 277 163 450 221 250 11 1,750 3,932 (2,215) 450 (2,096) (440) 2,725 2,725
FINANCED BY Share capital Paid-in carpinal Reserves I convent of Treasury shares SHAREHOLDERS' EQUITY Adjusted Net Assets NET ASSETS at Jist December, 1981 Statements of the casets as a result of the Offices payment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE? Statements of Source and Application of I COURCE OF FUNDS Profit before tax Adjustment for items not involving the newement of Depociation Results of associated companies Exchange loss (profit) on convertible debentures Own shares previously repurchased itsund as profit sharing Other (net) Total generated from operations Funds from other sourcess— Shares insued Convertible debentures issued Increase in other loans Investment grants (net) Decrease to non-current receivables and other assets APPLICATION OF FUNDS Dividends paid Increase in son-current receivables and other assets APPLICATION OF FUNDS Dividends paid Increase in mon-current receivables and other assets Investments in associates tepsyment of head increase in non-current receivables increase in non-current rece	13 12 12 12 13 14 1977 5000 1,473 1,558 36 730 2,401 154 50 2,401 154 50 2,401 154 50 2,401 1,776	166 13 DERS 1978 5000 1,529 107 166 62 62 62 62 1,529 179 178 178 178 178 178 178 178 178 178 178	761 10,733 13,730 (1,750) 11,950 11,950 11,950 11,950 11,950 11,950 11,950 13,641 1979 5000 3,236 240 13 150 150 14,909 357 45 2,728 117 150 3,399 267 1,777 4,145 1,156 (2,939 2,93	1980 5000 4,429 263 (36) 61 4,717 30 	761 10,733 13,700 (1,750) 11,950 11,950 11,950 2,733 (1,042) 13,641 1981 8000 5,734 219 98 61 6,162 30 215 277 163 450 221 250 11 1,750 3,932 (2,215) 450 (2,096) (440) 2,725 2,725
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FINANCED BY Share capital Paid-in carpinal Recervic Least-out of Theatary shares SHAREHOLDERS' EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981 Estimated increase in net assets as a result of the Offices; payment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE To Statements of Source and Application of I SOURCE OF FUNDS Profit before tax Adjustment for items not involving the newement of Depociation Results of associated companies Exchange loss (profit) on convertible debentures Own shares previously repurchased issued as a profit sharing Other (net) Intel generated from operations Funds from other sources— Shares issued Convertible debentures issued Increase in long term loans Investment grants (net) Decrease in non-turnent receivables and other assets Investment grants (net) Decrease in non-turnent receivables and other assets Repayment of from secretary Investments in associates Repayment of from secretary Investments in associates Repayment of from secretary Investments in associates Repayment of from secretary Investments in non-turnent resets Debenture repayments Decrease in non-turnent resets Debenture repayments Debenture repayments Carcinos and prepayments Carcinos and ascensis Movement in net Equil funds In cash In shares Lotts Let assets acquired— Fixed assets (net) Goodwill Net Habilities Let assets acquired— Fixed assets (net) Goodwill Net Habilities Let assets acquired— Fixed assets (net) Goodwill Net Habilities Let assets acquired— Fixed assets (net) Goodwill Net Habilities Let assets acquired— Fixed assets (net) Goodwill Net Habilities Let assets acquired— Fixed assets (net) Goodwill Let assets (net) Goodwill Let assets (net) Goodwill Let a	13 13 13 13 12 12 12 12 12 12 12 12 12 12 12 12 12	166 13 DERS 1978 5000 1,829 107 166 62 62 62 63 139 61 128 129 1219 1219 1219 1219 1219 1219	761 10,733 13,730 (1,750) 11,950 11,950 11,950 11,950 11,950 11,950 11,950 11,950 13,641 1979 5000 3,236 240 13 150 153 250 153 150 150 150 150 150 150 150 150 150 150	1980 \$000 4,423 263 615 306 1,173 71 62 409 31 2,667 (30) (31) 2,667 (31) 1,273 (31) 1,273 (31) 1,273 (31) 1,273 (31) 1,273 (31) 1,273 (32) 1,273 (33) 1,273 (33) 1,273 (33) 1,273	761 10,733 13,700 (1,750) 11,950 2,733 (1,042) 13,641 8000 5,734 219 98 6,162 30 215 71 65,597 871 883 480 221 250 215 250 215 250 215 250 250 250 250 250 250 250 250 250 25
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FINANCED BY Share capital Paid-in carpinal Recervic Least-out of Theatary shares SHAREHOLDERS' EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981 Estimated increase in net assets as a result of the Offices; payment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE To Statements of Source and Application of I SOURCE OF FUNDS Profit before tax Adjustment for items not involving the newement of Depociation Results of associated companies Exchange loss (profit) on convertible debentures Own shares previously repurchased issued as a profit sharing Other (net) Intel generated from operations Funds from other sources— Shares issued Convertible debentures issued Increase in long term loans Investment grants (net) Decrease in non-turnent receivables and other assets Investment grants (net) Decrease in non-turnent receivables and other assets Repayment of from secretary Investments in associates Repayment of from secretary Investments in associates Repayment of from secretary Investments in associates Repayment of from secretary Investments in non-turnent resets Debenture repayments Decrease in non-turnent resets Debenture repayments Debenture repayments Carcinos and prepayments Carcinos and ascensis Movement in net Equil funds In cash In shares Lotts Let assets acquired— Fixed assets (net) Goodwill Net Habilities Let assets acquired— Fixed assets (net) Goodwill Net Habilities Let assets acquired— Fixed assets (net) Goodwill Net Habilities Let assets acquired— Fixed assets (net) Goodwill Net Habilities Let assets acquired— Fixed assets (net) Goodwill Net Habilities Let assets acquired— Fixed assets (net) Goodwill Let assets (net) Goodwill Let assets (net) Goodwill Let a	13 13 13 13 13 13 13 13 13 13 13 13 13 1	166 13 DERS 1978 1978 5000 1,529 107 166 62 66 2,230 139 61 1,525 1,522 1,522 1,532	761 10,733 13,730 (1,750) 11,950 11,950 11,950 11,950 11,950 11,950 11,950 11,950 13,641 1979 5000 3,236 240 13 150 153 250 153 150 150 150 150 150 150 150 150 150 150	1980 \$000 4,423 263 615 4,717 30 	761 10,733 13,700 (1,750) 11,950 2,733 (1,042) 13,641 8000 5,734 219 98 6,162 30 215 71 65,597 871 883 480 221 250 215 250 215 250 215 250 250 250 250 250 250 250 250 250 25
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FINANCED BY Share capital Pad-in capital Reserves Less cost of Thestry shares SHAREHOLDERS EQUITY Adjusted Net Assets NET ASSETS at 11st December, 1981 Statements of source and Application of I ADJUSTED NET ASSETS ATTRIBUTABLE I Statements of Source and Application of I Operation Results of associated companies Echange loss (profit) on convenible debentures own shares previously repurchased issued as profit sharing Other (not) Intelligenerated from operations Funds from other sourcess Shares insued Convertible debentures issued Increase in other loans Investment grants (not) Decrease to non-current receivables and other assets APPLICATION OF FUNDS Dividends paid Increase in some surrent receivables and other assets APPLICATION OF FUNDS Dividends paid Increase in some current receivables and other assets APPLICATION OF FUNDS Dividends paid Increase in some current receivables and other assets APPLICATION OF FUNDS Dividends paid Increase in some current receivables and other assets APPLICATION OF FUNDS Dividends paid Increase in some current receivables and other assets APPLICATION OF FUNDS Dividends paid Increase in non-current receivables and other assets APPLICATION OF FUNDS Dividends paid Increase in non-current receivables and other assets APPLICATION OF FUNDS Dividends paid Increase in non-current receivables and other assets APPLICATION OF FUNDS Dividends paid Increase in non-current receivables APPLICATION OF FUNDS Dividends paid Increase in non-current receivables APPLICATION OF FUNDS Dividends paid Increase in non-current receivables APPLICATION OF FUNDS Dividends paid Increase in non-current receivables APPLICATION OF FUNDS Dividends paid Increase in non-current receivables APPLICATION OF FUNDS Dividends paid Increase in non-current receivables APPLICATION OF FUNDS Dividends paid Increase in non-current receivables APPLICATION OF FUNDS Dividends paid Increase in non-current receivables APPLICATION OF FUNDS Dividends paid Increase in non-current receivables APPLICATION OF FUNDS Dividends paid Increas	13 13 13 13 12 12 12 12 12 12 12 12 12 12 12 12 12	166 13 DERS 1978 5000 1,829 107 166 62 62 62 139 61 128 129 1420 1,502	761 10,733 13,730 (1,750) 11,950 11,9	1980 \$000 4,429 263 661 4,717 30 	761 10,733 13,700 (1,750) 11,950 2,733 (1,042) 11,950 2,733 (1,042) 13,641 8000 5,734 219 98 6,162 30 215 7,163 221 250 215 250 215 250 215 250 250 250 250 250 250 250 250 250 25
FINANCED BY Share capital Faddin capital Reserves Less cost of Tressuryolares SHAREHOLDERS EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981 Scan payment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE T Statements of Source and Application of I SOURCE OF FUNDS Profit before tax Adjustment for items not involving the novement of Depreciation Results of associated companies Exchange loss (profit) on convertible debentures Own states previously repurchased issued as profit sharing Other (not) Folial spectrated from operations Finals from other sources— Shares issued Convertible obentures issued Increase in other loans Investment grants (not) Decrease to non-current receivables and other assets APPLICATION OF FUNDS Dividends paid Increase in other loans Investment grants (not) Decrease to non-current receivables and other assets APPLICATION OF FUNDS Dividends paid Increase; Nor additions in fixed essets various of groutwill on acquisition investments in associates Repayment of leans markets of prooff on the sequisition for additions in fixed essets various of groutwill on acquisition for an accuse of the sequisition investments in associates Repayment of leans various of groutwill on acquisition for accuse of groutwill on acquisition for accusion and accused Applications and accused Movement in not liquid funds lemmany of the effects of the acquisition of subsidiaries Let assets acquired— Freed assets (not) Goodwill Net liabilities Let consideration— In cash In shares Let assets acquired— Freed assets (not) Goodwill in of equipment accipation of groutwill on acquired— Let assets acquired— Let assets acquired— Let assets acquired— Freed assets acquired— Let assets acq	13 13 13 12 12 12 12 12 12 12 12 12 12 12 12 12	166 13 DERS 1978 5000 1,829 107 166 62 2,230 129 61 125 1,502 1,50	761 10,733 13,730 (1,750) 11,950 11,9	1980 \$000 4,423 263 630 611 4,717 30 	761 10,733 13,700 (1,750) 11,950 2,733 (1,042) 13,641 1980 5,734 219 98 61 6,162 50 215 27 163 283 450 215 250 11,750 221 250 215 250 215 250 215 250 250 250 250 250 250 250 250 250 25
FINANCED BY Share capital Faid-in capital Reserves Less cost of Tressmy shares SHAREHOLDERS EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981 Semented increase in net assets at result of the Offices payment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE? Statements of Source and Application of 3 SOURCE OF FUNDS Froit before tax Adjustment for items not involving the movement of Depociation Section of associated companies Exchange less (profit) on couverible debentures Own shares previously repurchased issued as profit sharing Other (not) Total generated from operations Funds from other sources— Share issued Increase in long term loans Increase in long term loans Increase in other loans Investment grants (net) Decrease to more current receivables and other assets APPLICATION OF FUNDS Dividends paid increase in conscients Exchange for advantas Increase in other loans Investments in associates Expansion of fonds Furchase of trademarks Increase in non-current receivables and other assets Debenture a propagated States by prepayments Carcinos in an expansion Carcinos and prepayments Carcinos and accruais indicates Net assets acquired— Fixed assets and expenses are the following representation of goodwill more occupied and accruais indicates Controlled in cost of sales and expenses are the following representation of goodwill more occupied and accruais Controlled in cost of sales and expenses are the following Cost of Sales and Expenses Administration of goodwill more occupied and accruais Cost of Sales and Expenses	13 13 13 13 12 12 12 12 12 12 12 12 12 12 12 12 12	166 130 1978 1978 1978 107 166 66 2,230 139 61 1,825 1,922 1,922 1,922 1,192 1,060 1,502 1,192 1,192 1,192 1,192 1,192 1,192 1,192 1,192 1,192 1,192 1,192 1,192 1,192 1,192 1,192 1,192 1,193 1	761 10,733 13,730 (1,750) 11,950 11,9	1980 \$000 4,429 263 (36) 61 4,717 30 	761 10,733 13,700 (1,750) 11,950 2,733 (1,042) 13,641 1981 8000 5,784 219 98 611 6,162 30 215 215 250 215 250 215 250 215 250 215 250 250 273 250 250 273 250 250 273 250 250 273 250 273 273 273 273 273 273 273 273 273 273
FINANCED BY Share capital Fad-in capital Reserves Less cost of Trestryolares SHAREHOLDERS EQUITY Adjusted Net Assets NET ASSETS at 31st December, 1981 Scinned increase in net assets as result of the Offices proment of dividend relating to 1981 ADJUSTED NET ASSETS ATTRIBUTABLE To Statements of Source and Application of I Depocation Results of associated companies Exchange loss (profit) on convertible debentures Over states previously repurchased issued as point stating Other (net) That generated from operations Finals from other sources—Shares in long term loans Investment of the sources—Shares in long term loans Investment grants (net) Decrease in other loans Investment grants (net) Decrease of profit of the securities APPLICATION OF FUNDS Dividends paid Increase in concurrent receivables and other assets APPLICATION OF FUNDS Dividends paid Increase in concurrent receivables and other assets APPLICATION OF FUNDS Dividends paid Increase in concurrent receivables and other assets APPLICATION OF FUNDS Dividends paid Increase in concurrent receivables and other assets APPLICATION OF FUNDS Dividends paid Increase in concurrent receivables and other assets APPLICATION OF FUNDS APPLICATION OF FUNDS Dividends paid Increase in concurrent receivables and other assets APPLICATION OF FUNDS APPLICATI	13 13 13 12 12 12 12 12 12 12 12 12 12 12 12 12	166 13 DERS 1978 5000 1,529 107 166 62 66 2,230 139 61 2,684 213 219 219 219 219 219 219 219 219 219 219	761 10,733 13,700 (1,750) 11,950 11,9	1980 \$000 4,429 263 303 611 4,717 30 	761 10,733 13,700 (1,750) 11,950 2,733 (1,042) 13,641 1981 8000 5,734 219 98 611 6,162 50 215 215 215 250 215 250 215 250 251 250 251 251 250 251 251 251 251 251 251 251 251 251 251

The deferred tex liability at 31st December, 1981 results from the following tuning differences going use to deferre Differences arising on inventory between valuations for tenent accounting purposes. Excess of textover book depreciation 125 643 5. Estraings per Share Earnings per share have been calculated by dividing the profit after transford by the weighted assenge number of shares of \$10 each in issue and outstanding during the year, as follows:-Number of shares of Silberch 204,514 203,819 204,010 212,369 __ 217,141 81,253,000 \$4,201,000 \$4,932,000 \$1,554.000 \$2,860,000 Profit after tax Ennings per share \$19.78 822.71 \$6.14 <u>\$7.60</u> <u>\$14.03</u> As explained in Note IZ, a capital reorganisation took place on 14th May, 1982, i persists from \$10 to \$1.50 and an issue of five additional shares of \$1.50 each for every re-capitalisation of reserves. This resulted in every three shares of \$10 previously hold become each. The carriage per share below have been adjusted to reflect this capital reorganisa estion took place on 14th May, 1982, involving a reduction in t tional shares of \$1.50 each for every two shares of \$1.50 then h ning repre ated by 70 shares of \$1.50 Earnings perabate \$0.26 Sn.33 \$0.60 \$0.85 6 Rived Assets The net book value of the Group's fixed meets at 31st December, 1981 v \$000 3,230 3,230 875 349 150 54 Parehold land and buildings Long leasehold land and building Plant and machinery 6,440 2 Other Assets

During 1980 the Company instanced costs of approximately \$327,000 relating to preliminary work in connection with the Office for Sale. These costs, which are included in non-content receivables and other assets at 31st December, 1981, will be written off against the proceeds of the Office for Sale and have been deducted in the calculation of adjusted not made act out At 31st December, 1981 the Company had the following principal subsidiaries:

Country of 100,000 ne Canada Ltd. riflame Councticos S riflame Finland Oy riflame France SarL 13.9.67 1,000,000 1,250,000 1,589,973 10,000 8.6.74 25.8.80 14.10.77 citleme Services Ltd. 14.5.79 en Sa agonda Postorder AB agonda Finans AB agonda Butiks AB agonda UR AB 1,909,000 500,000 19.3.24 21.11.27 ing equity values. At 3 ist December, 1981 the Company's inventment in embeddany (stment (at underlying equity value) Associated Companies
At 3 ist December, 1981 the Group held the following: Marie Corporation flame (Thu) Ltd. TS.12.80 Share of post acquisition losses 195 At 31st December, 1981 the following amounts were due from associated companies: S per cent. Jam repayable in 1984 secured by 500 of the Company's shares of \$10 each (now represented by 11,067 shares of \$1.50 each (see Note 12)) _ 80 In 1981, the Company substribed for 25 per cent, of the capital of Oriflama Corporation, a company previously wholly bassed by a former non-executive director of the Company, Io addition to the equity investment, the Company acquired an option, exercisable on 5th January, 1983, to acquire the remaining 75 per cent. of the issued share capital for an amount of \$1,572,000 (subject to reduction under certain circumstances). Subsequent to 31st December, 1981 the Company has issued, parameters to bunks amounting to \$250,000 in respect of this associate and has taken up its share of a rights issue of another associated company at a cost of \$26,000.

The unusudited accounts of Oriflame Corporation for the year to 31st December, 1981 disclose sales of \$617,000 and a loss of \$220,000. The net tangible associate at the balance sheet date are stated at \$7,000. L. Benis Overdrafts and Louns The bink overdusts and losses were repsyable by the Group at 31st December, 1981 as follows: Oneyear or less or on demand. Between one and two years Between two and five years 2,854 Of the bank overdrafts and short term loans \$1,140,000 were secured by floating charges on the assets of the respective companies. Long term loans (melading the current portion) amounting to \$1,575,000 are secured by fixed charges on i. Goodwill and Trademarks
At 31st December, 1981 goodwill and mademarks smounted respectively to \$654,000 and \$250,000. At 31st December, 1981 the share capital of the Company was as follows:-3,000,000 Anthorised share capital of 300,000 shares of \$10 each Issued share capital of 220,632 shares of \$10 each 2,206,320 At Tist December, 1951 the Company held in Treasnry 10,000 of its own-distres of \$10 each which it had repurchased 50,000 and had commitments to repurchase a further 2,170 aboves for a total cost of \$305,000. These repurchases were Af Six December, 1981 the Company near in Areas in Areas for a total cost of \$305,000. These repurchases were inly effected in January, 1982.

At 31st December, 1981 the Company had outstanding commitments to deliver 3,000 new shares to employees at sominal value which were duly effected on 14th April, 1982.

On 14th May, 1982 the Company completed a capital reorganisation as follows:

(i) 20 shares of \$1.50 each were exchanged for every 3 shares of \$10 each in issue.

(ii) 5 additional shares of \$1.50 each were issued for every 2 shares of \$1.50 each in issue by way of capitalisation of the company and personal exchanged for every 2 shares of \$1.50 each in issue by way of capitalisation of the company and personal expression of \$5.50 each were issued for every 2 shares of \$1.50 each in issue by way of capitalisation of the company and personal expression of \$5.50 each were issued for every 2 shares of \$1.50 each in issue by way of capitalisation of the company of \$5.50 each were the company of \$5.50 each we aid in surplus and retained earnings of \$5,590,800.

(iii) The authorised share capital was increased to \$10,500,000 represented by 7,000,000 shares of \$1.50 each.

On 18th May, 1932 the Company resolved, subject to certain conditions, to issue 116,000 shares of \$1.50 each in momention with the Offer for Sale, resulting in a total of \$,334,080 shares of \$1.50 each in issue or being issued at the date of the Movements on reserves of the Group during the period covered by this report have been as follows:

Your coded 31st December, 1978 1979 S000 5000 \$000 nden stopier

Balance at beginning of year 15 15 761 am on co Paid in surplus at and of year (i) Remined earnings
Balance at beginning of year
Profit for the year after tax
Movements in reserves results 3,140 2,860 267 (359) 2,194 1,554 740 (203) (1,025) (120) 5,836 4,201 Dividends paid Capitalisation mus ourses and Transfer (m) from legal reserves (72) Belence at end of year Balance at hear Balance at beginning of year Transfer in (from) reserves do Balance at end of year 294 Reserves at and of year The Company and the substituties incorporated in Seculen, Switzerland and Belgiam are required by law to propriet to legal reserves amounts ranging between 5 per cent, and 10 per cent, of their annual statutory net profits until such time as these reserves equal fixed percentages ranging between 10 per cent, and 20 per cent, of the companies' nominal apitals. Once appropriated such reserves are not available for distribution but in certain cases may be released in revenue excerves in the event of a trading loss being incorred.

The reserves of the Company are equal to those of the Group as a result of annual revaluations of the Company's avenuents to reflect the underlying net asset value of the substitutes. However, such revaluation surpluses are not intributable until resisted in the Company.

Dividends paid each year are in respect of the results of the preceding year and are paid without deduction of any attempoong withholding tenes. An immediate dividend payment of \$5.00 per share of \$10 outstanding on 25th March, 1982 need cast \$1,042,310) was approved at the annual general meeting of the Company held on 14th May, 1982, at which the sectors were also authorised to pay, at their discretion, a further dividend on all shares outstanding at a date in he determined by the directors. No provision is made in the accounts for proposed dividends. At 31st December, 1981 the Company had minimum lesie control trades operating lesses as follows:

Plant and Motor
Property equipment vehicles 249 244 244 244 88 398 299 173 150 2 escalter in approprie to 2077 nitol Commitments and Condingent Liabilities (i) Plant and machinery at 31st December, 1981 included \$281,600 (not of depreciation of \$25,000) in respect of similarder a capital lesse. Future annual minimum lesse payments under the capital lesse amount to \$172,000 to 1986. (ii) At 31st December, 1981 subsidiaries had authorised and contracted capital expenditure commitments of \$225,000. (m) One subsidiary has received a capital grant of \$810,000. There is a contingent liability to repay all or plant of the set if certain circumstances set out in the agreement occin. The amount credited to exprings to date is \$42,000. Estimated Increase in Net Assets as a Result of the Offer for Sale

During 1981 the United Kingdom, Government emersed a proposal whereby the "claw-back" provision of the United Kingdom stock relief scheme would, in most cases, case to apply The Company gave effect to these changes in compating income taxes for 1980. As a result, deferred taxes which were established in paior years in the amount of \$353,000 relinive in the "daw-back" provision were reversed in 1980 with the tax charge for that year being refunced by \$75,000.

The Group's tax charge for the years ended 31st December, 1981 and 1980 was reduced by the absorption of tax losses arising in prior years. Had such losses not been available, additional taxes amounting to approximately \$91,000 (1980: \$400,000) would have been payable.

Agentates represent in the Assesses of Result of the Other for Sale.

Margin Greafell & Co. Limited and Rhyth Eastman Paine Webber International Limited have agreed, conditionally the Conneil of The Stock Exchange adouting in the Otheral List the share capital of the Company to subscribe for 116,000 as shares of \$1.50 each at 5350 per share. The Office for Sale would sale in an increase to the act assets of the Company as follows:-

Estimated proceeds of the Office for Sale to the Company Cost of Treason's shares purchased since 3 list December, 1981 Estimated expenses of the Office for Sale payable by the Comp Expenses incurred in 1980 (Note?) Estimated incress in related to

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PEAT, MARWICK, MITCHELL&CO.

4.234 (305) (909) (327)

STATUTORY AND GENERAL INFORMATION

Share Capital (a) (i) Immediately prior to 19th May, 1980 the instead share capital of the Company consisted of 217,632 shares of \$10 each my past. (ii) On 19th May, 1981 3,000 shares of \$10 each were subscribed for cash at per to be held by employees of Group mpanyer. (si) On 14th April, 1982 3,000 aleans of \$10 each were subscribed for each at par to be held by employees of Group

med — increased the authorised share capital to \$10.5 million represented by 7 million shares of \$1.50 each.

(v) On 18th May, 1982, conditionally on the Council of The Stock Exchange granting on or before 2nd June, 1982 a licing the shares of the Company, issued and now being issued, and conditionally on payment therefor being received by the unpany, the directors resolved to assue to the Issuing Houses 116,000 new shares of \$1.50 each at a price of 585p per share, are senting an aggregate subscription price of £652,000 m be payable to the Company.

(vi) Save as aforested, there has been no sheration in the share emitted of the Company in the two years preceding the date.

His Office for Sale.

(vi) Sare as goresia, there has been no autranta in account of the Company would remain unissued, of which 250,000 (vii) Following this Offer for Sale 1,665,920 absence of \$1.50 each of the Company would remain unissued, of which 250,000 (vii) Following this Offer for Sale 1,665,920 absence of \$1.50 each of the Company would remain unissued. shares have been reserved for the exercise of such options, 20.2 per cent, of the authorised shares remains unissued. Save as disclosed absence is no present intention to issue any of the authorised but unissued absence; the Company and without the prior approval of the Company in general meeting—

on material issue of shares (other than to shareholders pro rate to their easing holdings) will be not existing one year;

and
— no istue of shares will be made which would effectively alter the control of the Company.

(b) (i) Immediately prior to 19th May, 1930 no shares were held in Treasury.

(a) On let October, 1961 the Company purchased 10,000 shares of \$10 each for \$1,750,000.

(iii) At 31st December, 1981 the Company had commitments to repurchase 2,170 shares of \$10 each for a total cost of \$305,000. These repurchases were effected in January, 1982.

(b) The above-mentioned capital reorganisation on 18th May, 1982 has resulted in 283,967 shares of \$1.50 each being held in Treasury immediately prior to this Offer for Sale, all of which form part of this Offer for Sale, Accordingly, immediately following this Offer for Sale, no shares will be held in Treasury.

Registered Shares and Bearer Shares The Company's shares, which form one class and rank part passo, may be hold either in registered or in bearer form, then is being made to the Council of The Stock Exchange for listing of the shares in both registered and bearer form.

Application is being made to the Council of The Stock Enchange for listing of the shares in both registered and bearer forms.

(a) Registered shares

Holders of registered shares may, as they elect, be registered either on the principal register in Lusembourg or on the United Kingdom branch register. Shares registered on the principal register may be transmitted in the branch register and vice versa. Shares registered on the principal register may also be exchanged for bearer shares. Refore there a registered on the branch register may be transmitted in the principal register and bearer shares. Shares registered on the branch register will be transferable in accordance with normal United Kingdom pasting.

Thansiers will be subject in the usual rates of United Kingdom transferable in accordance with normal United Kingdom pasting.

Thansiers will be subject in the usual rates of United Kingdom transferable in accordance with normal United Kingdom pasting.

(b) Bearer shares

Bearer shares will be issued by the register of the principal register in Lusembourg and will be evaluable in denominations of 1, 10, 100, 1,000 and 5,000 shares. Bearer share certificates will have attached to them compon sheets for shares in the register in Lusembourg and will be evaluable in denominations of 1, 10, 100, 1,000 and 5,000 shares. Bearer share certificates will have attached to them compon sheets for shares registered in the principal register. If he wishes to mechange all or any of those shares for shares registered on the principal register. If he wishes to mechange all or any of those shares for shares registered on the principal register.

Holders of bearer shares may exchange all or any of those shares for shares registered to much including, which by their mature are, so far as the Company is concerned, the property of the person who holds them. Accordingly, heaper share certificates should be lodged with a bank or other unitable deposits y and insured against less.

(c) Proceedure for exchange and transmission

Instruct

Employee Share Option Plan

Employee Share Option Plan

At a general meeting held on 14th May, 1982 a resolution was passed adopting an employee there option plan ("the Plan") to easible executive directors and key executive employees of the Company, its subsidiaries and any company in which may such company as an interest of at least 45 per cent, to be granted options to subscribe for shares of the Company. The principal provisions of the Plan are as follows—

(a) The maximum number of shares for which options to subscribe may be granted under the Plan is 250,000, representing approximately 4.7 per cent, of the issued share capital following this Offer for Sale.

(b) The directors may establish subsidiary plans to take account of local laws in the commission which the Group operates, subject to the overriding provisions of the Plan.

(c) Options are not usually exercisable principative better or subscribe and the first constants.

b) In the control is may be successful and the Plan.

by the district of the overriding provisions of the Plan.

Options are not usually exercisable prior to the third or subsequent to the several hundress day preceding the date of grant price of the nominal value, it higher).

The nominal value, it higher).

Not more than 25 per cent. of the shares available under the Plan may be allocated to one person, nor may the total

Not more than 25 per cent. of the shares available under the Plan may be allocated to one person, nor may the total

Not more of shares allocated to one person exceed four times that person is minutentimeration; the maximum transmeration hich may be taken into account for this purpose is \$75,000 per annum.

No option may be granted or exercised between 1st February and the date of publication of the audited consolidated ecounts of the Group or between 1st August and the date of publication of the Group's half-year results.

The directors are required at all times to endeavour to maintain sufficient anthoused but missaled chares to satisfy securities in full of all options granted.

The directors are required at particularly and the date of publication of the Group's half-year results.

Directors' and Others Interests

mediately following this Offier for Sale, the interests of the directors (all beneficial), which would be required to register maturained under the provisions of the Companies Act 1967 (as amended) if the Company were subject to isions of that Act, will be as follower-

In addition, a fiscreticanty trust, of which certain members of the af Jochnack family are possible beneficialies, will, immediately following this Offer for Sale, hold 1,205,866 shares of \$1.50 each.

Sore as displosed herein, the directors are not aware of any shareholdings which will, immediately following this Offer for Sale, represent fver per cent, or more of the calarged issued share capital of the Company.

Under the Offer for Sale Agreement, described in "Issue Arrangements" below, such of the directors has undertaken for himself and on behalf of persons holding shares in which he is interested (within the meaning given to such expression by the Companies Act 1967, as amended), neither in apply for any shares now being offered for sale nor, without the prior consent of the Issuing Houses, to sell any shares of the Company until one year after the date of this Offer for Sale. Equivalent undertakings have been given by the trustee of the discretionary trust.

Immediately following this Offer for Sale the directors, their families and the discretionary trust will hold 53 per cent, of the colarged issued share capital and (assuming full subscription of the 43,000 shares reserved for employees as part of this Offer for Sale) the directors believe that employees and outside investors will hold approximately 8 per cent, respectively.

Issue Arrangements.

Issue Arrangements.

Under interial contract (a) referred to under "Material Contracts" below, the Issuing Houses have agreed, conditionally on the Council of The Stock Exchange admining to the Official List not later than 2nd June, 1882 the shares of the Company, issued and now being issued, and whether in bearer or registered form: (i) to subscribe in cash for 116,000 new shares of \$1.50 each of the Company at 588p per share; (ii) to purchase all the 283,967 shares held by the Company for Treasory at 588p per share; (ii) to purchase 116,000 aboves of \$1.50 each of the Company from J. at Jochnick, 46,400 from R. af Jochnick and \$104,267 shares irom others (totalling 466,667 shares) at a price of 588p per share; and (iv) to offer the resulting total of 866,634 shares for sale to the public at 600p per share.

Under this contract, the Issuing Houses will pay underwriting commissions of 114 per cent, on the price at which the shares are being offered for sale, their own legal expenses and a commission to the brokers. The Company will pay all other expenses of or incidental to this Offer for Sale and the transactions associated therewith. The total expenses payable by the Company are estimated to amount in 500,000 exclusive of any value added tax or other turnover taxes.

Payment accompanying applications must be in sterling and will be retained by Williams & Glyris Bank plc in a separate bank account in sterling until Zord June, 1982, when ZI 95 million of the estimated not proceeds of this Offer for Salo receivable by the Company will be converted into dollars under a forward foreign exchange contract entered into by the Company with Morgan Grentell & Co. Limited on 17th May, 1982. Application monies in respect of applications which are not accepted for any shares applied for, or in respect of the balance of applications which are accepted for fewer shares than the number applied for, will be returned in applicants in sterling.

Material Contracts

Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been extend into within the two years preceding the date of this Offer for Sale and are or may be material:

(a) the contract dated 19th May, 1982, between the Company (i), j. al jochnick as principal vendor (ii) the directors of the Company (iii) and the Issuing Houses (iv) and the forward foreign exchange contract dated 17th May, 1982 between the Company (j) and Margan Greafell & Co., Limited (ii), being the contracts described in Tasue Atmarganeous above;

(b) an escrow agreement dated 1st October, 1981 between Mis. A. Dahlman (f), the Company (n) and Banque Scandinave en Suisse (iii) under which there is being held in escrow a stock purchase agreement for the acquisition by the Company of 1,000,000 shares of common stock in Oriflame Corporation, a United States corporation, for \$1,572,000 in each. The Company has the right exercisable on 5th January, 1983 in acquire such shares on the terms of the stock purchase agreement. The price is subject in reduction in the event of a breach of certain representations and warranties (including a warranty as to the absence of undisclosed claims or liabilities) made by Airs. Dahlman. Miss. Dahlman's obligations under the stock purchase agreement, which would become effective on exercise of the Company's option, are guaranteed by Mr. B. Helisten under a letter of guarantee also dated 1st October, 1981;

a contract dated ist October, 1981 between Oriflame Corporation (i) and the Company (ii) under which the Company ed to subscribe for 333,333 shares of common stock in Oriflame Corporation for an aggregate subscription price of 9,000 and to purchase certain United States trade mark rights for a price of \$1,000; accountant dend ist October, 1981 between Mrs. A. Dahlman (f) and the Company (n) for the purchase by the Company
of extent non-United States trade mark rights for \$250,000 in cash;

a contract dated 1st October, 1981 between Mrs. A. Dahlman (1) and the Company (ii) for the purchase by the (e) a contract dated lst October, 1961 reswers pate 22. Company of 10,000 of its own shares for \$1,750,000 in cash;

Company of 10,000 of its own shares for \$1,750,000 in cash;

a joint venture agreement dated 20th October, 1980 between Lex International Co. Limited, a Thai company (i) and the Company (ii) for the establishment of a joint venture company in Thailand and the grant of exclusive distributionship rights for Oriflame products in Thailand and certain other countries in the Far East; and

(g) a grant agreement dated 14th August, 1930 fertween the Irish Industrial Development Authority (i) and Oriflame Manufacturing Limited (ii) under which the Industrial Development Authority agreed, on the terms set out therein, to grant to Oriflame Manufacturing Limited an amount equal in the lesser of IRASS1, 400 and 30 per cent. of the actual expenditure on the construction of the factory in Dublin and the provision of machinery and equipment therefor and a supplemental agreement between the same parties dated 8th April, 1981 relating to the use of a portion of the same amount for the purpose of lessing certain machinery and equipment.

Distributor Arrangements Orifisme products are marketed in Norway, Iceland, Switzerland and the Republic of Instand by the following that the products are marketed in Norway, Iceland, Switzerland and the Republic of Instand by the following

Norway and Joeland Switzerland House of Beauty A/S Oriflame Kosmetick AG Oriflame Cosmetics (Includ) Limited

Under the terms of agreements of indefinite duration entered into with companies in the Group, Oriflet (Ireland) Limited and Oriflame knametick AG have exclusive rights to distribute Oriflame products in the

territories.

Under the terms of an agreement of indefinite duration with Zetes SA (a member of the Group incorporated in Switzerland), House of Beauty A/S has an exclusive toyahy-free license to use and exploit all Oriflame formulae and future product formulations, trade marks and trade names in Norway, Iceland and the Perce Islands.

Each of the licensed distributors has undertaken in purchase its product requirements from the Group and to self such products on the basis of direct selling methods used by the Group. The Group has received payment of license fees from the distributor to Norway. Luxembourg Law and Articles of Incorporation

The Company was incorporated in the Grand Duchy of Lamenbourg as a steletic amonyme on 22nd January, 1970 under the Law of 10th August, 1915 governing commercial companies (as amended) and qualifies under the Law of 31st July, 1929 governing bolding companies (as amended). Under Lamenbourg law a societé anonyme has limited liability.

The following is a summary of certain provisions of the Articles of Interporation and of relevant provisions of Laxenbourg law as currently in forces—

(a) Duration

(a) Duration.

The Company was initially incorporated for a period of 30 years from the date of its incorporation, this being the maximum duration permitted under Luxenbourg law. However, the duration of the Company may be extended by resolution of the Company in general meeting; on 14th May, 1982 it was resolved that the period of incorporation of the Company should be 30 years from that date. The directors intend to recommend renewals of the Company's period of incorporation at

(a) All the shares, whether in registered or bearer form, comprise one class and rank part passa. Shareholders are entitled to participate pro rate according in the amounts paid up on their respective chareholdings both in dividends declared or approved in general meeting and in any return of capital on a reduction of capital or on a winding-up.

(a) At general meetings each stareholder present in person or by printy is entitled to one vote in respect of each share of which he is the holder, provided that, under Luxembourg Law, except on a resolution to amend the Articles (when on limita-tion applies), no person is entitled to cast votes at any meeting whether in person or by printy in respect of more than one fifth of the issued share capital or more than two fifths of the share capital represented at the meeting.

(c) General meetings are to be held in the municipality of the registered office on the first Wednesday in May at 11.00 a.m. or, if this is not a business day, at the same time on the first business day theresize. General meetings, other than simual general meetings, may be convened by the directors at any time and must be so convened on receipt of a written request, setting out the agenda for the meeting, from holders of not less than one fifth of the issued share capital.

request, sering out the ageinst of the meeting, from mours of not assum one min or the assued stare capital.

(ii) Except as otherwise required by law, notice of general meetings will be given to shareholders by the publication of two notices in the Recurs! Special des Societés et Associations du Mémorial of Lumanbourg ("the Mémorial") and in a Lumanbourg newspaper, the first at least eight days before the second and the second at least eight days before the date of the meeting. In addition, notices will be sent to registered shareholders not less than eight days before the meeting. Advertisements of meetings will also be instated in at least one leading London daily newspaper while any of the Company's chares are listed on The Stock Exchange.

(iii) Shareholders may appoint proxies to represent them at general meetings. Proxies areed not be shareholders.

(iv) Holders of bearer shares wishing to attend and vote at general meetings, whether in person or by proxy, must deposit their certificates with such bank or banks as may be specified in the notice convening the meeting, not less than two clear basiness days before the date appointed for holding the meeting and must obtain a receipt confirming such deposit. Neither holders nor their proxice will be permitted to attend and vote unless they can produce such a receipt to the meeting. (v) No business is to be transacted at any general meeting unless the quotant (af any) required in accordance with Laurembourg law is present when the meeting proceeds to business.

In the case of another one of change the Company's legal status, objects or any other provision of its faticles, then holders representing at least one half of the issued share capital must be present in person or by prays.

New chief for Carrefour

Mr Glynn Moser has been WICK FUBLIC RELATIONS appointed managing director of COMPANY, part of the Shand-

Mr Frank, Gard has been appointed actuary of MGM ASSURANCE from July 1 on

Robertson, deputy general manager and actuary Mr Gard has been assistant actuary since 1971. Mr John Sutton has been appointed deputy actuary from Inter-

At the annual meeting of EQUITY AND LAW LIFE ASSURANCE SOCIETY Mr P. R. Smith retired from the board and Mr C. J. Brocksom, chief

actuary, and Mr C. H. R. Wood, an assistant general manager, were elected directors.

At the annual meeting of the BRITISH DENTAL TRADE ASSOCIATION the following were elected officers: Mr. C. J.

Bray (SS White) president, Mr

D. E. Gowers (Panadent) vice-president, Mr. W. M. Lee (Oral Plastics) treasurer.

CSR LIMITED has given Mr I. G. Burgess responsibility for the general management of building materials division from May 24. The current joint geoeral managers, Mr. J. W. Laurie and Mr A. V. Shaw, will transfer to corporate dulies as advisers to general management.

Mr Graham Clark has been appointed managing director of ATARI INTERNATIONAL (U.K.), Inc. He was previously managing director of Rank Xerox (U.K.) Atari is a wholly-owned subsidiary of Warner Communications, Inc. U.S.

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HYPERMARKET (HOLDINGS), wick Communications Group.

while remaining on the board of the retirement of Mr John L hypermarket (Holdings) will be Robertson, deputy general

APPOINTMENTS

the subsidiary company in the

Linfood Group which operates Carrefour Hypermarkets, He succeeds Mr Peter Stubbs who,

undertaking special assignments.

Mr Andrew Carnegie has been

promoted to the board of BEAM.
ADVERTISING AND MARKET

ING. He was group account director of Oglivy and Mather.

Mr Angelo Salmasi has been

appointed operations director-for TIP CHASSIS RENTAL, European division of Transport International Pool Mr Salmasi

was director of operations-Europe for Hertz International.

Mr R. B. de Gray and Mr H. O. Bos have been appointed direc-tors of REED PAPER & BOARD

(UK). Mr de Gray is general manager of Aylesford Paper Mills, and Mr Bos is managing

director of the paper division of Reed Corrugated Cases
Nederland B.V.

Mr. Nicholas M. Branch has joined the board of management consultants, BUTLER COX & PARTNERS, as a non-executive director. Mr Branch was manag-

ing director of Binder Hamlyn Fry & Co and a founder director of Larpent Newton & Co.

Mr Tom Rushion has been appointed commercial director of FARROW CONSTRUCTION (NORTHERN), Altrincham-based

Lovell Construction Company, Mr Rushton was head of marketing for the north western division of Fairclough Building.

Ms Wendy Feldman, Ms

BASE LENDING RATES

Cayzer Ltd. 13 %
Cedar Holdings 13 %
Clarterhouse Japhet 13 %

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interlims:
Bluemel Bros.
Cosalt
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OIVIDEND & INTEREST PAYMENTS—
Britannia Arrow 0.8p
Friedland Dospart 3.15p
Greenbank Ind. 19
Isle of Man Enterprises 4p
Jorsev Electric 10p
Kalamazoo 0.83p
Kant IM-P.) 0.36p
Land Investor's 0.2p
Marlanroush Property 0.4p
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Slough Estates 2.075p
Stag Furniture 3.25p
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COMPANY MEETINGS—
Air Call. 175-184, Valushall Bridge Road.
SW. 10.00
Assoc. Book Publishers, 11. New Fettor
Lane. Ec. 12.00
Bestwood 8. St. Bridge Street, EC. 12.00
Danish Bacon. Hyde Park Hotel, Knightsbridge 5W 11.00
Estates and Geberal Invs., Claridges, Brook
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Aluminum Co. of America 45cts

Whitesway Laidlaw ... 13 %
Williams & Glyn's 13 %
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Civize Petroleum Central Hotel, Gordon Street. Glasyow. 12.00

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Fogarty (E.), Hävenside, Fishtoft Road. Berlinsheld, Oxford, 12.00

Guardian Royal Exchange. Chartered Insurance Institute, 20, Aldermanhury, EC 12.00 Guardian Movel Exchange. Communication insurance institute. 20. Alderma mbury, EC 12:00

Jacks (William), Pennyhill Park, Bygshot, Surrey, 11:30

London U.d. Invs., Glasters Hall, 9. Monrague Close, Lordon Bridge, SE, 12:00

Miller (Stanlay), Brandling Hottse, Gostorth

Ocean Transport and Trading, India Bisid-legs, Liverpool. 2.370 Sherling Credit, 10. St. Mery at Hill, EC.

Nell (Lames), Moore and Wright Offices, Handsworth, Sheffield, 12.00 Nuthalls (Caterersh 2, The Calls, Leeds, 12.00 m Eng. Gestorth Park Hotel, assler-apon-Tyne, 12.00 ro. Winchester House, 100. Cid Street, Ec. 3.00 Mance, 1. Bartholomew Lage, EC. Finals: Ailled Leather Inds. Sun Adlance, 1. Barunosmem Care, E., 12.30
Sun Life, 107. Crearside, EC, 12.30
Supra, Marbla House, Theatre Street, Warwick, 12.80
Uptoa (E.), Uston Restaurant, 175/183, Linthorpe Road, Middicahorouth, 7.30
Welr Group, Merchants Hall, 30, George Street, Glasgow, 12.00
Vastern Motor, Drake House, Laira Bridge Road Phymouth, 12.30
BOARO MEETINGS—Finals

Finals:
Affled Irish Banks
Bremar Tst.
Capital and Countles
Ounded in

interiose Avon Rubber Carr (John) /Doncaster) Géneral Stockholders Inv. Tst. Moriaad Tale and Lyle DIVIDEND & INTEREST PAYMENTS-Air Call (USA) 3.750
ASSociated Book Publishers 9p
Broken Hill Proprietary AS21cts
Drayton Cons. 7st. 2p
Jerome (S.) 2.394p
Mollins S.78
Phillips Lamps NV FI 12
Southerd-on-Sea 12pcRed. 1987 6pc
Standard Chartered Bank 23.2p

THURSDAY MAY 27 COMPANY MEETINGS—
itsh Printing and Communication. Con-Inds. Dragonara Hotel, Pedcilife Bristol, 12-30 Intni., Mill Street, Kidderminster. Cossins Froperty, Savoy Hotel, Strand. WC. 11.00
England (). E.) and Sons-(Weilington).
Carton Arms Hotel. Weilington, Teltord.
Shrooshira, 12.00
Feb Initia. Albamy House. Swinton Hall
Road. Swinton. Marchesier, 10.30
Freeman. Tallow Chandlers Hall. A. Dewpale Hill, EC. 12.00
General Investors and Trusters, 1.
Laurence Footney Hill. EC. 12.00
Givnwed Headland House. Sheldon. Birmingham, 12.00
Greens Economiser. Connalush! Rooms. miligham, 12.00
Greens Economiser. Connaught Rooms.
Greet Queen Street. WC. 12.00
Henrinues (Arthor). Middand Hotel. Mancreater, 12.00
House Franert, 20.00
House Franert, 20.00
KCA Intri., Connaught Rooms, Great
Oueen Street, Wimbledon, SW. 12.00
KCA Intri., Connaught Rooms, Great
Oueen Street, Wimbledon, SW. 12.00
Lamont Hidgs. Horth British Hotel.
Princess Street, Ediburgh, 10.45
Leviand Paint and Wallpaper, Brooke Mill.
Orthard Street, Leyland, 12.00
Magnolia, Sutton Road, Rochlord, Essex.
12.00

Opick (H. and J. 560, Choster Road, Old. Trafford, Manchester, 11.00 Super Electrical. The Howard Hotel. Temple Place, W.G. 12.00 Tet of Leeds, Parkway Hotel, Otiev Road, Leeds, 3.00 Vickers, Milibank, Tower, Milibank, SW. 12.00 Wood (Arthur, Emitted) 12.00
Wood (Arthuri, Bradwell Works, Longport, Stoke-on-Trent, 12.00
EDARD MEETINGS-

Intal. Paint
James
London Sumatra
M and G Second Qual TstModern Engineers of Bristol
Nippon Electric
Picstry
Portsmouth and Sungerland Newspapers
Prince of Wales Hotels
Sandhorst Marketing
Wettern Bros.
Whittingston Estates

SCOUTTS INV. TSL.
SECRET CLARK MOTEL INDS.
DIVIDEND & INTEREST PAYMENTS.
Alva Inv. Tst. 5.5p
globy 13, 8.1p Comben 7-35p
Blockricky Jupply Board 13pc Premium 1986 61st
1986 1982 515
Fogarty (E.J. 2-42p
Habitat Mothercare 1.2p
House Property of London 4.5p
Pascher Prop. 2.25p
Prodertial Corp. Bp
Trans-Oceanic Tat. 0.84p
Weir 1.75p

FRIDAY MAY 28

(Henry). Banner Cross Hall, Sheffield. 12.00
Precion and Cloud Hill, Breedon-on-the-Hill, Leicestershire, 11.00
Charlacenouse, Plasteers Hall, 1, London, Wall, EG. 12.00
Cayton Highs., Greens Hotel, Leeda, 2.00
Clayton Highs. Greens Hotel, Leeda, 2.00
Duncan (Walter) and Goodriake, Sir John
Duncan (Walter) and Goodriake, Sir John
1203, 1000, S. High Timber Street, EC. Sirvet. Markey. Midfand Hotel.

Sirvet. Manchester, 12-30

Central Inv. 35-37. Chiswell 12. C. 12. Chiswell 19. C. 12. Chiswell 19. Chi Harts. 12.00 hornageworth. Tex., 117. Old Brud Street, EC. 12.00 horron Longman, Milibank Tower, Milibank, SW. 10.00 Pearson (S.), Milibank Tower, Milibank, SW. 12.00 SW, 12.00
Photax (London), Brampton Road,
Hampdon Park, Eastbourna, 12.00
RMC, Carlton Tower Hotel, Cadopan
Place, SW, 11.30
Railon FBWS Beam Bridga Hotel,
Sampford Arundel, Wellington, Somerset,
12.00 12:00
Marshall (Thomas' (Loslav, Rotol St. George, Kenwood Road, Shefficid, 12:00 Minet Hidgs, Great Eastern Hotal, Liverpood Street, EC, 12:00
Newarthill, Imperial Hotel, Russell Souare, WC. 12.30
Phitam. Centre Point. 103. New Oxford
Street. WC. 12.00
Progential Corp., 142, Holborn Bars, EC.
12.15

Savoy Hotel, Savoy Hotel, WC. 12.00 Steel Brothers, Sondes Place, Westo Road, Dorking, Surrey, 12.00

Towe. Commandet Rooms. Greet Ques Street. WC 12:00
Wristman Reeve Angel, Greet Bastern Hotel, Liverpool Street, EC, 12:30
Websters: Winchester House, 77. London Wall EC, 12:09
Wolstenholms Rink, Last Drop Hotel, Broniety Cross, Bolton, 12:00
BOARD MEETINGS—
Floats Press (William)

SATURDAY MAY 29 DIVIDEND & INTEREST PAYMENTS-AB Electronic 2-50.
Alexander and Alexander Serva. 48.5cts
Ash and Jacy 80
Ault- and Wisoris 0.75p
Automated Secority 0.875p
Bank America 38cts
Bank. of Iretand Fity. Rate Cap. Notes Bank of Honoreal Cs49cts
Bank of Montreal Cs49cts
Bankers Inv. 7st. 0.65p. Do. 3.5pcPf.
1.75pc
Servatt Dev. 3.5p
Bertord Concrete Machinery 2.15p
Bertord Rubber 0.35p
Bergon Rapk A/S Fitty, Rate Cap. Notes
1989 \$38.35

Berriat Orv. 3.5p
Berrath Rubber 0.35p
Bergin Rubber 0.35p
Bergin Rubber 0.35p
Bergin Rubber 0.35p
Bergin Rank Als Fitty, Rate Cap. Notes
1959 \$38.35
Blett and Edgington 3pcPr. 1.75pc
Boot (Henry) 10p
Branshi (C. Di. 7.5p)
Breedon and Cloud Hill Line Works 5p
Burnoush Machine Dh. 4pc
Caption Inds. 5pc
Cartar Hawley Hale Stores \$30.5
Citicoro Oversias Fin. Corp. Fitty. Notes
doe 1983 \$377.59. Do. NV Fitty. Notes
doe 1983 \$377.59. Do. NV Fitty. Rate
Notes May 1984 \$182.31
Clayton 5.0883p
Continental and Ind. Tet. Db. 24pc
Cuscins Property 2.5p
Outav Birmastic 1.5p
Gabinete Da Area De Sines Gtd. Fitty.
Rate Notes 1882 \$138.60
General Investors and Trustees 4.1p
Headjam Stma and Cogpins 1.5p

mate rootes 1882 \$138.60
General Investors and Trustees 4.1p
Headlam Sima and Coggins 1.6p
Headlam Sima and Coggins 1.6p
Highlands and Lowlands Bad. MaS10cts
Home Charm 2.15p
India State Benk of Fits. Rate Notes
1967 \$64.33 hdfa Grate semp so river 1987 564-33 and 1987 564-33 and 1987 564-33 and 1987 564-33 and 1987 565-571 love Inv. Tat. Inc. 2.29 seds Fits. Rate 1982 57.5675 Joyds EproAnance NV Gtd. Fits. Rate Notes 1883 564-33 lagnola 1.70

Notes 1883 \$64.33
Magnolia 1.7n
Magnolia 1.7

Mr Andros Stakis has been ap-pointed to the board of STAKIS. He is the elder son of Mr Reo Stakis, chairman of the Stakis Christine Large and Ms Carolyn He is the edder Meunier have been appointed Stakis, chairman executive directors of SHAND Organisation.

Copies of this Offer for Sale with Application Forms may be obtained from:

Morgan Grenfell & Co. Limited, de Zoete & Bevan, New Issue Department, 21 Austin Friars, London EC2N 2HB

25 Finsbury Circus, London EC2M 7EE

Blyth Eastman Paine Webber International Limited, 11/12 Finsbury Square, London BC2A IAS

Morgan Grenfell Scotland Limited. 35 St. Andrew Square, Edinburgh EH22AD

The Royal Bank of Scotland pic, 98 Buchanan Street, Glasgow G13BA

and at the following offices of Williams & Glyn's Bank ples-

67 Lombard Street London EC3P3DL

Liverpool L23UW

38 Mosley Street. Manchester M602BE

11/12 Bennetts Hill. Birmingham B25RS

36/38 Baldwin Street, Bristol BS1 INR

APPLICATION FORM

THE APPLICATION LIST WILL, OPEN AT 16.00 g.m. ON THURSDAY, 276: MAY 1982

AND MAY BE CLOSED AT ANY TIME THEREAFTER.

THE white completed must be forwarded to Williams & Glynh Bank pic, New Insures Department, 20. But 425, most Stron, London ECF 301, together with a cheque/banker's deaft for the full amount psychic, no as to but lost these than 10.00 a.m. on Thursday, 27th May, 1932. Propostal copies of Application Forum will not be necessary.

recolved any later than 10.00 a.m. on Thirsday, 27th May, 1982. Photocrat copies of Application Forum will tank be not upon.
A separate designs or busines's doubt areas accompany eachs application Forum.
Chespess and busines's trades, which areas to doubt a business is fortuned. Scaland, Wales, Northern Ireland, the Chemiel, Islands or the Ireland which is either a member of the Landsin or the Original Rousestor which has attanged for los elegants and business and business of rates to be cleared through the Landsin or the other and the lands of the lands of

ORIFLAME INTERNATIONAL SA

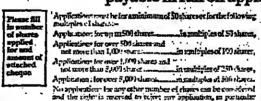
OFFER FOR SALE

by . MORGAN GRENFELL & CO. LIMITED

BLYTH EASTMAN PAINE WEBBER

INTERNATIONAL LIMITED - of

866,634 shares of US \$1.50 each at 600p per share payable in full on application



in multiples of 250 days. Application: forever 5,000 shares and maduples of 500 shares No applications for any other manber of chains can be considered and the right is merced to reject our application, in particular multiple or respected multiple applications. To: MORGAN GRENFELL & CO. LIMITED and BLYTH EASTMAN PAINE WEBBER INTERNATIONAL

AMOUNTS EXYABLE
ON APPLICATION

bero 1. IAMTED

1. We endose a cheque learner's draft for the above mentioned sum

1. We then the amount possible in full-on application for the above

stated number × of shares of US\$1.50 each of Oriflame International FA. I/We offer
to purchase that number of such shares on the teems of tour Offer for Note dated

1. But May, 1982, and I have been to undertake and agree to a warp the same or are lesser

member in respect of which this application may be accepted. I/We request that you leads to melus a remonnecable Lener of Acceptance for that number of shares or and smaller number as aforested. I/We authors eyou to send with Letter, together with a cheque for any amount overpaid, by post at myour risk to the nakine's first purer below. In consideration of your acreeing to accept applications on the farms and subject to the conditions of the said Offer for Sale, I/we agree that this application shall be irrerocable until 3rd June, 1982 and that this purgraph shall constitute a collateral contract between means and you, which shall become binding on delivery of this Form to Williams & Chira's Banis ple, in now otherse with the increase time in the increase of the proposition and delivery of this Form a scormpanied by a cheque will constitute. If we understand that the completion and delivery of this Form accompanied by a cheque will constitute a warranty that the cheque will be belonded on first presentation. If we acknowledge that the Letters of Acceptance and cheques for any monies returnable may be held pending cleanusce of applicants' cheques.

Forestine(s) (in fail) - Address for left-(In the case of joint applications all further applicants most sign and complete below) . - - - 3.

Oniflame International SA

Knowsley & Co. Ltd. 13½%
Lloyds Bank 13 %
Mallinhall Limited 13 %
Edward Manson & Co. 14 %
Midland Bank 13 %
Samuel Montagu 13 %
Morgan Grenfell 13 %
National Westminster 13 %
Norwich General Trust 13 %
P. S. Refson & Co. 13 %
Roxhurghe Guarantee 13 %
E. S. Schwab 13 %
Slavenburg's Bank 13 %
Standard Chartered 13 %
Trade Dev. Bank 13 %
Trustee Savings Bank 13 %
Trustee Savings Bank 13 %
TCB Ltd. 13 %
United Bank of Kuwait 13 %
Whitesway Laidlsw 13½%

Knowsley & Co. Ltd. ... 131%

If the quorum requirement is not met at the first meeting, a second meeting may be convened. The manner of convening such second meeting, and the quorum requirement, depends on whether the resolution is a resolution (a) to change the Company's legal status or objects or (b) to change any other provision of the Articles.

In case (a), the second meeting is to be convened by the publication in the Mémorial and two Laxembourg newspopers (one in the French and the other in the German impunge) of three notices published at intervals of ten days, the third notice to be published irreduced from the propersion of the published in the result of the date of the meeting. The quorum at such a reconvened meeting is abarchelders representing one third of the issued share capital present in person or by prove.

In case (b), the second meeting is to be convened by publication in the Mémorial and one Laxembourg newspaper of two notices published respectively at intervals of fifteen days, the second notice to be published fifteen days behave the date of the meeting. No quorum is required at the reconvened meeting.

No quorum is required for the consideration of any other business at general meetings.

Charterhouse Japhet 13 %
Choulartons 131%
Choulartons 131%
Citibaok Savings 121%
Comman Bk of Near East 13 %
Coosolidated Credits 13 %
Coosolidated Credits 13 %
Corporative Bank 13 %
Corporative Bank 13 %
Corporative Bank 13 %
The Cyprus Popular Bk 13 %
Duncan Lawrie 13 %
Eagil Trust 13 %
Eagil Trust 13 %
Eagil Trust 13 %
Exerter Trust Ltd 14 %
First Nat Fin. Corp. 151%
First Nat Fin. Corp. 151%
Robert Fraser 14 %
Indicate Whitesway Laidlaw 13 %
Williams & Glyn's 14 %
Williams & Glyn's 14 %
Williams at 13 %
Williams at 14 %
Williams at 13 %
Williams at 14 %
Williams at 14 %
William

(vi) If resolutions are passed at general meetings contrary to the directors' recommendations, the directors may require such resolutions to be reconsidered at an adjourned meeting, which must be held within four (or in certain circumstances six) weeks. If the directors adjourn a meeting for this purpose, the resolutions are ineffective unless passed at the adjourned meeting.

(vii) Except in relation to resolutions by which it is proposed to change the Articles, shareholders not present, either in person or by proxy, at reconvened meetings are deemed to be present and to vote in accordance with the directors' recommendations although such votes are not to exceed one fifth of the issued share capital. On resolutions to amend the Articles (other than resolutions to change the Company's legal status or objects) shareholders not present either in person or by proxy at adjourned meetings are deemed to be present and tovote in accordance with the directors' recommendations, although such votes are not to exceed one third of the issued share capital. In order for resolutions to amend the Articles (other than resolutions to change the Company's legal status or objects) to be passed at adjourned meetings, approval it also required by a simple majority of the votes cast by shareholders present in person or by proxy. Shareholders not present in person or by proxy at adjourned meetings to consider resolutions to amend the Company's legal status or objects are not deemed to be present or to rotte at such meetings.

(vii) Resolutions by thereholders in general meeting may normally be passed by a simple majority of the votes validly east (including votes deemed to be cast in favour of resolutions at adjourned meetings, as described in paragraph (c) (vii)). However, start-holders' resolutions: (4) to change either the Company's legal status or objects require the altimative vote of three quarters of the votes cast (b) to effect any other amendment of the Articles require the affirmative vote of the votes cast (or deemed to be east); and (c) to change the narrooality of the Company or the obligations of the shareholders under the Articles must be passed by the unanimous vote of all abareholders present at a meeting.

(a) Directors

(i) The Company is managed by a board of directors, which is to be not less than three in number. The directors are appointed at the annual general meeting and hold office for a term of one year exploring at the close of business at the next annual general meeting. The directors and the statutory studior may appoint a new director to fill any estual variancy occurring during the year. Directors are not required to reture on attaining any particular age.

(ii) The renumeration of the directors is determined or approved by the Company in general meeting. (iii) A director may not vote on, or be taken into account for the purpose of determining the quorum in respect of, any arrangement or other proposal in which he has any interest.

(e) Borrowing powers (e) Borrowing powers

The directors range envise all the powers of the Company to borrow money and to morteage or charge any part of its undertaking, property and tomalled capital and to issue debentures and other sociaties, whether outright or as collateral security for any debt, liability or obligation of the Company or any third party. However, in secretising the alorestid powers, the directors must enture that the aggregate amount for the time being outstanding in respect of manuse borrowed or in respect of which security has been granted by the Company and its subsidiaries (exclusive of intra-group horrowing) shall not at any time, without the previous approval of the Company and its subsidiaries amount standard to three times the aggregate of the amount paid up on the issued stance short of the Company and its amount standard to the reserves as shown by the latest sudded consolidated balance short of the Company and its subsidiaries but after deduction therefrom any debit is almost and lines account (except to the extent that such deduction has already been made) and after making adjustments to reflect any suriations since the date of such audited balance sheet.

(i) Transfers in respect of chares registered on the principal register must be signed by both the transferor and the susferee mass the directors accept such other evidence of transfer as they think fit. Shares register ed on the United Kingdom arch register will be transferable in accordance with normal United Kingdom transfer procedures. (ii) The Company may purchase its own shares and any amount paid is deducted from either raid in surplus or reserves. Any shares so purchased will not, while a med by the Company, carry the right to vote or the right to receive ds in respect thereof.

(iii) Subject to the approval of shareholders the puid-in surplus is available for distribution by the Company.

(iv) No shareholder has any pro-emptive right to an barribe for, purchase or receive any shares. However, the Company has undertaken to the Council of The Stock Exchange that, in the absence of special Stock Exchange dispersation, it will obtain the consent of the Company in general meeting prior mits issuing for cash (a) equity expital (including capital having an equity element), (b) securities conscrible into any such capital, or (c) warrants or options to subscribe for any such capital or convertible securities, otherwise than to the equity sharcholders of the Company in proportion to their existing including and, where appropriate, holders of other equity securities of the Company entitled thereto. It has further undertaken to the Council of The Stock Exchange that it will obtain the consent of the Company in general meeting prior to any of it: major sub-advance making any such issue so its materially to dilute the percentage equity interests of the Company and its charcholders in such subsching.

Dividents paid to holders of shares registered on the branch register in London will be paid in sterling and, unless as appropriate evidence of non-residence in the United Kingdom, after deduction of United Kingdom basic zero income (currently 30 per cent.), for which the United Kingdom registers will account to the Inland Revenue. Dividends raid to holders of shares registered on the principal register in Luzembourg will be paid in dollars without union of withholding text.

deduction of withholding text.

(c) In order to obtain their dividends, holders of bearer shares must present the relevant coupon at the offices of one of the paying agents. Dividends collected in Luxembourg or Genera will be paid to dollars without deduction of withholding tax, but a United Kingdom bank or other person which obtains payment of such dividends on behalf of a shareholder will deduct income tax at the basic rate from any payment to the shareholder unless appropriate evidence of non-residence in the United Kingdom is submitted. Dividends collected from the London paying agent will be paid in dollars for in another corrects, if requested, and on payment of an appropriate charge) and income tax at the basic rate will be deducted, unless an appropriate certificate of non-residence in the United Kingdom is submitted.

(d) Any deduction from a dividend payment in respect of United Kingdom basic rate income tex will represent a tac credit which the shareholder may claim against his total United Kingdom income tex liability. Starcholders who do not pay United Kingdom income text may be able to claim repayment of this deduction.

These comments are of a general nature only. Any shareholder, whether resident in the United Kingdomer elsewhere, in doubt as to his personal tax position should consult his professional advise;

The following are the properties occupied by the Company and its subsidiaries for the purposes of their respective

Location	Description	Appresimate area of building	Tenno	Current aunual remai
Lownz, Sweden	Offices	240 m²	Freehold	
Oss, The Netherlands.	Offices and	1,240 m²	Fredeld	_
Dublin, The Republic of Ireland	Factory, offices and warehouse	5,952m²	Lesschold; 247 years unespired.	IRA
Milton Keynes, England	Offices and	2,900 m ²	Leachold: 96 years unexpord	<i>\$</i> 8,100
Chessington. England	Offices and warehouse	2,239 m²	Leasehold (comprised in 3 separate leases); 9 years unexpired	£31,500
Bad Homburg, West Germany	Offices and warehouse	635 m ²	Lenchold; 6 years unexpired	DM 68,400
Trappes, France	Offices and warehouse	1, 105== ²	Lezschold; Syears mexpired Jut cancellable on 15th March, 1984 and 15th March, 1987	¥F150,000
Helanki, Finland	Offices and warehouse	900 m²	Lesschold: 1 year unexpired	FM256,500
Madrid, Sprin	Offices and warehouse	220 mg	Leschold; 1 year unexpared	Pts1.218,240
Louis, Swier.	Offices and	960 m ²	Leschold: 1 year mespired	SE-138,000
Singerop, Dennark	Offices and warehouse	857 m²	Lesciold; execulable on 6 months notes	DE-146,300
Stockholm, Sweden	Offices and	1,804 m²	Lesebold; 3 your mexpired	555-634,300
		141 m²	Leschold; less than I year	SK:59,530

Description. arez of BP360.000 Lesschold: 7 years unexpire execulable after every three years Lessehold; C211510,800 Offices and 6Lim

Under the arrangements now in force it is estimated that the appreprie consimments of the directors of the Company the current francial year ending Sist Docember, 1982 will amount to Siol,000.

J. at Jochnick is a director of Oriflame Corporation, Arbonne AG and Oriflame (Thai) Limited, the associated organics of the Company R. at Jochnick is also a director of Oriflame (Thai) Limited.

During the two years immediately preceding the date of this Offer for Soley—
(1) save as disclosed under "Sixre Capital" above, no capital of the Company or (except for emital issued to around the Company or a whiley-owned subsidiary) any subsidiary has been issued or is proposed to be issued fully or partly paid are for a consideration other than usil;

(ii) Bucommissions, discounts, brokerages or other special terms have been granted by the Company or any subsidiary ormation with the saxe or save of any part of their respective share or foun capitals; and

(iii) none of the present directors of the Company has or has had any interest, direct or indirect, in any assets which a been or are proposed to be acquired by, disposed of by or lessed in or by the Company or any subsidiary.

No capital of the Company or of any subsidiary is under option or, save as disclosed under "Employee Share Options of above, is agreed conditionally or throundinessally to be put under option.

In the opinion of the directors there is no minimum amount required to be arised by the proposed issue of 116,000

(e) In the opinion of the directors there is no minimum amount required to be raised by the proposed issue of 116,000 shares of \$1.50 each and proposed sale of 253,907 To surve shares of \$1.50 each for any of the purposes specified in paragraph 4 of Part 1 of the Fourth Schedule to the Companies Art 1948; the not proceeds of such issue and sale will be used for working

oses. Company incurred costs in 1980 of apprecimately \$327,000 relating to preliminary work in connection with this le. These costs will be written off against the proceeds of this Offer for Eule receivable by the Company. (f) S. P. Pahkon-Moller and C. M. Beddow, who are directors of the Company, are respectively an executive director of Blyth Electrical Paint Webber International Limited and a consultant to Morgan Grenfell & Co. Limited, each of which will receive a fee m connection with this Office of Silve.

Notice the Company nor any subsidiary is engaged in any liberation of arbitration of material importance and no https://www.orchim.com/pany nor any subsidiary is engaged in any liberation or arbitration of material importance and no https://www.com.com/pany.com/pa

subsidiaries.

Product liability insurance cover has been effected in respect of connectic products sold by the Group. No material duct hability claims are not standing against the Group and past incidence of such claims has been guinnal. Save as disclosed under "Issue-Arrangements" above, there is no contract or arrangement subsisting at the date hereof which a director of the Company is materially interested and which is significant in relation to the business of the Group - The Company has not established a place of business in Great Britain.

(b) A certificate of exemption has been granted under Section 413 of the Companies Act 1948 by the Council of The Stock Exchange.

Registration of Documents

The documents attached to this Offer for Sale delivered to the Registrar of Companies were (i) explicted the contracts listed under "Material Contracts" above: (ii) the Statement of Adjustments made by the Reporting Accountable in arriving at the figures shown in their report and giving the reasons therefor; and (iii) the written consents referred to below.

Feat, Marwick, Mitchell & Co., Morgan Grenfell & Co. Limited and Blyth Eastman Prine Webber International Limited here given and have not withdrawn their respective written consents to the issue of this Offer for Sale with the inclusion herein of their raport, their lettererelating to the profit forecast and the references to them (as the case may be) in the form and content in which they are included.

Documents for Inspection

Copies of the influxing documents may be imprected at the offices of Morgan Grenfell & Co. Limited, New Issue Department, 21 Austin France, London EC2, during usual business hours on any weeking (Saturdays and public holidays excepted) until 7th June, 1982—

(a) the Articles of Incorporation of the Company;
(b) the material contracts letted above;
(c) the audited corresplated accounts of the Company for the years ended 31st December, 1980 and 1981;
(d) the Accountants Report and Statement of Advancents;
(c) the letter set out above relating to the profit forceast;
(f) the letter set out above relating to the profit forceast;

(f) the couse nts referred in above; and (g) the Employee Share Option Plan referred to above.

19th May, 1982

PROCEDURE FOR APPLICATION

Applications must be for a minimum of 50 shares and thereafter for the following multiples of shares:-Applications for up to 500 shares... in multiples of 50 shares, Applications for over 500 shares and not more than 1,000 shares. in multiples of 100 shares,

Applications for over 1,000 shares and not more than 5,000 shares ... in multiples of 250 shares. Applications for over 5,000 shares..... .. in multiples of 500 shares Preferential consideration will be given to applications received from employees of subsidiary or associated companies of the Company for a maximum of 43,000 (a pproximately 5 per cent.) of the shares now being offered for sale. Such applications may be for any number of shares,

subject to a minimum of 15 shares, and must be made on the special pink Application Forms being made available in the United Kingdom to such employees. 3. Applications must be made on the accompanying Application Form and forwarded to Williams & Glyn's Bank plc, New Issues Department, P.O. Box 425, 67 Lombard Street, London EC3P 3DL together with a sterling cheque or banker's draft for the full amount payable on application so as to be received not later than 10.00 a.m. on Thursday, 27th May, 1982. Photostat copies of Application Forms will not be accepted.

4. Each application must be accompanied by a separate sterling cheque or banker's draft, which must be drawn on a branch in England, Scotland, Wales, Northern Ireland, the Channel Islands or the Isle of Man of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by the members of those clearing houses and must bear the appropriate sorting code number in the top right hand corner. Chaques and banker's drafts must be made payable to "Williams & Glyn's Bank ple" and be crossed "Not Negotiable." The right is reserved to present all cheques and banker's drafts for payment on receipt and to reject any application in whole or in part, in particular multiple or suspected multiple applications, and to retain Letters of Acceptance and surplus application monies pendiog clearance of the cheques of successful applicants.

 Due completion and delivery of an Application Form accompanied by a cheque will constitute a warranty that such cheque will be honoured on first presentation; attention is drawn to the declaration in the Application Form to that effect, Applications will be intevorable until 3rd June, 1982 and may only be revoked after that date to the extent that they have not been accepted prior to

Acceptance of all applications will be conditional on the Council of The Stock Exchange admitting the whole of the share capital of the Company, issued and now being issued, to the Official List not later than 2nd June, 1932. Monies received in respect of applications will be returned if such condition is not satisfied by that date and in the mountime will be retained by Williams & Glyn's Bank ple in a separate bank account. If any application is not accepted or is accepted for fewer shares. than the number applied for, the application monies or, as the case may be, the balance thereof will be returned to applicants. No interest will be paid on any monies returnable to applicants, which will be sent through the post at the risk of the applicants concerned. It is expected that Letters of Acceptance will be posted to successful applicants on Vedoesday, 2nd June, 1982.

Arrangements have been made for the shares now being offered for sale to be registered on the United Kingdom branch register by the Company free of stamp duty in the names of the successful applicants or the persons in whose favour Letters of Acceptance have been renounced, provided that, in cases of renunciation, Letters of Acceptance (duly completed to accordance with the instructions contained therein) are ledged for registration not later than 3.00 p.m. on 2nd July, 1982. Certificates for shares registered on that register will be posted on 30th July, 1982.

Instructions relating to certificates for shares to be registered on the principal register in Laurembourg and to bearer certificates will be set out in the Letter of Acceptance.

60	Financial Times Monday May 24 1982 Companies and Harkets	WORLD STOCK MARKETS	25
	Section Sect	To To To To To To To To	2.2
THE RESERVE TO THE TAX OF THE PARTY OF THE P	Ind. div. yield % 6,52 6,49 6 58 3,81 TANDARD AND POORS May May May May May May High Low High Low	PART Color Color	10.80 7.6 Vale Rio Doca 15.80

BY COLIN MILLHAM

Looking at the foundations

earlier this month all hut present Government's standing higher until the middle of the

followed the rebuffs delivered to Britain by the Argentine junta and the EEC with regard to sanctions against Argentina and European farm prices, but it is 127 per cent from 127 per cent. now up to the Government to The total shortage of credit last prove that it can emerge from week was in the region of £1.5hn. this twin crisis of confidence with renewed strength. There is nothing the money market fears more et the momeot that the demise of Mrs Thetcher, and the pos-

BANK OF ENGLAND TREASURY BILL TENDER

May 21 | May 14

£100m

Against this nervous background interest rates moved per cent.

The Federal funds overnight heeo higher, but fears have grown that this towering edifice does oot have very solid foundations. month interbank money rose to A mood of octional unity has 131s per cent from 135 per cent for eligible hills also increased. Three-month bank bills rose to

£100m

The mood of optimism in sible replacement of the Governfinancial markets as a result of ment by one dedicated to
some encouraging economic news completely contrary policies.

Three-mooth money intervection, following the eased to 14% per cent from 14%

collapse of Drysdale Government

Securities.
In Europe interest rates rate was around 147-143 per cent tended to ease following moves in the early part of the week, but to add liquidity to domestic fell to 131-137 per ceot on Friday money markets by ceotral banks morning. The Federal Reserve in Germany and France.

NFFKLY	CHANGE	IN	WORLD	INTEREST	RATE

and discount houses huying rates for eligible hills also increased.	LONDON	May 81	change	NEW YORK	May 21	change	
Three-month bank bills rose to 12% per cent from 12% per cent. The total shortage of credit last week was in the region of £1.5hn, compared with £1.75hn the previous week, and there was no change in the Bank of England's market dealing rates.	Base rates 7 day Interbank 7 day Interbank Treasury Bill Tender Band 1 Bills Band 2 Bills Band 3 Bills Band 3 Bills	13-15-4 13-4-13-5 12-745-8% 13-16 13 187g* 12-5 13-13-1	+ 0,2486 Unch' d	Prime rates Federal funds 3 mth Treasury Bills 6 Mth. CD 5 Mth. CD	1614 1519-1324 11.46 11.80 13.55 8.0 8.976 9.10	Unch'd -1 -0.58 -0.74 +0.10 Unch'd +0.23 -0.023	
- United States interest rates	TOKYD One month Bills Three month Bills		Unch' d Unch' d	Intervention Rate 1 Mth. Interbank	16 16 1 15 1	Unoh'd	
EASURY BILL TENDER	BRUSSELS One month Three month	14% 14% 14%	+ 1g 1e	MILAH Dne month Three month		Unch'd Unch'd	
May 21 May 14	AMSTERDAM	Q 13:		Dustry Due month	1972		
Top accepted rate of discount 12.7549% 12.5143%	Das menth Three month	813 813	-1's		1972	+ 18 + 18	

FT LONDON

Minimum
accepted bld.... £95,82
Allotment at
minimum level... 99%

INTERBANK FIXING

3 months (i.S. dollers
bid 14 5/8	offer 14 1/2
6 months (l.S. dollars
bid 14 5/8	effer 14 1/2

The fixing rates (May 21) are the arith-

LONDON MONEY RATES

£100m

May 21 1982	2terling Certificate ef deposit	Interbank	Authority deposits	negotiable bonds	Nouse Nouse Deposits	Company Deposits	Discount Market Deposits	Tressury	Eligible Bank Bills &	Fine Trade Bille &	
Overnig ht		1254-18	1278-13	i – i	_	13-134	184-13	_	-		
days notice	. –	_	134	- 1	_	-	<u> </u>	-	- 1	. ~	•
days er	_	_ `		i 1	· -	! —	-	I —	I – I	~-	
days netice	_	13 13%	1334	1 - 1	_	134-131	124-13	.~	- 1	~~	
Dae month	13 2 - 13 🐇	134-13	135a	14-135e	133g		1274-13	134-134	134-13-	1334	
we menths	13 2 1334	13%-13%		137g-131g	1314		1278	12 (-12)	124-13	1350	
hree months.		1319-1359	1312	1379-1312	1346	_	1234	135	124-127		
ix months		131g-135g	134	18.1812	1350	_			12%	13	
line montha	13 2 13 2	1319.1359		134-1359	135a	~~	_			-	
one year	13 2 13 4	131g-135g	1350 .	1334-1336	1356 -	_ ·		_	- !		
wo years			1839						! !	~	

Local authorities and finance houses seven days' notice, others seven days lixed. Long-term local authority mortgagi rates, nominally three years 14 per cent; lour years 14½ per cent; five years 14½ per cent. Allend bill rates in table are buying rates for prime paper. Suying rates for lour-month bank bills 12½—13 per cent; four months trade bills 13½ per

Approximate selling retes for one month Treasury bills 13 per cent; two months 12½-12½ per cent; three months five reference banks at 11 am each 12½-12½ per cent; one month Treasury bills 13 per cent; two months 12½ per cent and three working day. The banks are National months 12½ per cent; one month trade bills 13½ per cent; two months 13½ per cent; three months 12½ per cent. Wastminster Bank, Bank of Tekyo, Finance Notices Base Rates (published by the Finance Houses Association) 14 per cent from May 1 1982. London Deutsche Sank, Bank of Tekyo, and Scottish Clearing Sank Rates for lending 13 per cent. London Clearing Bank Deposit Rates for use at Seven Bank, Bank of Tekyo, and Scottish Clearing Sank Rates for lending 13 per cent. London Clearing Bank Deposit Rates for use at Seven Bank, Bank of Tekyo, and Scottish Clearing Sank Rates for lending 13 per cent. London Clearing Bank Deposit Rates for use at Seven Bank, Bank of Tekyo, and Scottish Clearing Sank Rates for lending 13 per cent. London Clearing Bank Deposit Rates for use at Seven Bank, Bank of Tekyo, and Scottish Clearing Sank Rates for lending 13 per cent. London Clearing Bank Deposit Rates for use at Seven Bank, Bank of Tekyo, and Scottish Clearing Sank Rates for lending 13 per cent. London Clearing Bank Deposit Rates for use at Seven Bank, Bank of Tekyo, and Scottish Clearing Sank Rates for lending 13 per cent; two months 12½ per cent;

EURO-CURRENCY INTEREST RATES (Market closing Rates)

May 21	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Conv.	Franc Fin.	Yen	Danish Krone
Shert term	13 134	1373-1418 1414-1312 1476-1476 1476-1476 1476-1476 1476-1476 1418-1438	13.14 13.14 1359.16 1312.1518 1539.1834 1539.1634	834-9 856-876 813-813 814-813 834-875 854-875	112.2 314.514 314.578 314.378 484.434 418.418	834-814 834-834 834-834 834-834 834-834	40.50 40.50 29.31 86.27 23.24 2014.2114	1814-2014 2036-2215 23-24 23-4-24 23-4-241g 8312-2414	12 ¹ 2-14 ¹ 2 14-13 1356-13 ¹ 2 16 ¹ 2-16 ¹ 2 15 ¹ 2-16 ¹ 2 15-18	14-14-1 ₂ 14-1 ₄ -14-1 ₂ 14-3 ₄ -15 14-13-14-3 ₄ 14-13-14-3 ₄	64-672 612-714 612-716 714-716 714-714 714-716	20-203- 2019-217- 20-203- 20-203- 19-193- 1734-1618

CURRENCIES AND GOLD

Sterling weak

Sterling weakened sharply as hopes of a diplomatic settlement faded. On Bank of England figures its trade-weighted index fell to 6 seven-month low of 88.6 oo Thursdey, and finished the week at 89.0, compared with 90.4 on the previous Friday. The pound 2150 touched the Inwest level since last October egainst the D-mark, closing at DM 4.13 on Thursday, and finishing the week at DM 4.14 against DM 4.21. Sterling weakened to FFr 10.7850 from FFr 11.00 against the French franc; to SwFr 3.5250 from SwFr 3.55 in terms of the Swiss franc; and to Y427 from Y429 against the Japanese yen.

The doller showed mixed changes. Its trade-weighted index rose to 112.9 from 112.8. The U.S. currency was un-changed at DM 2.3060, and rose to SwFr 1.9625 from SwFr 1.9440; 10 Y237.60 from Y235; but fell to FFr 6.0075 from FFr 6.03. Doubts

on Thursday, with most Euro-

policy, money following encouraging money supply figures the previous week. Intervention to add reserves to the hanking tion of easier monetary trends in the U.S., but many equally have been an attempt to calm merket nerves following the collapse of Drysdale Government Securities, a U.S. securities firm. The D-mark remained the

strongest member of the European Monetary System, with the close together as the second and strongest currencies German interest rates continued to ease, hut there appeared to he '429 against the Japonese yen. no other moves by the Bundes-Trading was particularly thin hank to push the D-mark back on Thursday, with most Euro- within its official divergence centres closed for limit. The lira was again the on Day.

but the Belgian franc improved, and seemed to be under less speculative pressure.

Gold had a fairly quiet week, rising \$2; to \$338. It tonched a peak of \$344; on Fridey, end was very nervous after news of increased military activity on the continued about U.S. monetary Faikland Islands.

THE DOLLAR SPOT AND FORWARD

		-,	4.444			monais pie
	UKŧ	1.7850-1.8100	1.7950-1.7970	0.15-0,25c dis	-1:34	0.40-0.50dis -1.00
	1reland†	1,4990-1,5060	1.4996-1.5015	0.70-0.60c pm	5.18	1.90-1.75 pm 4.83
	Canada	1.2290-1.2340	1.2335-1,2340	0.03-0.13c pm		0.30-0.35 pm 3.12
	Nathind	2.5550-2,5590	2.5550-2.5580	1.31-1.21c pm	3,91	3.53-3.53 pm 5.60
	Belgium	43.42-43.47	43,43-43,45	5-10c dis		17-22 dis -1.79
1	Oenmark	7.8145-7.8375	7.8150-7.8200	31a-31 ore dis	-4.79	74-84 dis -4.08
,	W. Ger	2,2960-2,3080	2,3055-2,3065	1.19-1.14pf. pm		3.30-3.25 pre 6.69
	Portugal	70.25-70.75	70.50-70.70	50-200c dis	-21.27	150-525dis 19.14
	Spain	102.50-102.85	102.55-102.65	17-22c dis		80-90 dis -3.30
•	Itely	1,276-1,278	1,276-1,277	9-10 lire dis	-8.92	28-30 dis -9.08
•	Norway	3.9525-5.9590	5.9525-5.9575	1.40-1.80ore dis	-3.22	2.80.3.20dis - 5.04
	France	5.9850-6.0100	6.0050-6.0100	7-81 ₂ c dis	-15.5Z	17-1812 dis -11.85
	Sweden	3.7730-5.7960	5.7910-5.7980	1.00-1,85ore pm	2.94	2.50-2.35dis -1.67
	Japan	236.50-237.90	237.55-237.65	1.60-1.60y pm		4.30-4.20 pm 7.18
•	Austrie	13.184-16.22	13.191-13.201	10-8 ³ -gra pm	3.94	243-21% pm 5.73
	Switz	1.9530-1.9650	1.9620-1.9630	1.57-1.87c pm		5.27-3.17 pm 10.70

† UK and Ireland are quoted in U.S. cutrency. Forward eramiums and discounts apply to the U.S. dollar and net to the individual currency.

THE POUND SPOT AND FORWARD

		Dey's			%	Three	**
1	May 21	2 Pread	Close	One month	p.e.	months	p.e.
	U.S.	1.7850-1.8100	1.7950-1.7970	0.15-0.25c dis	-1.34	0.40-0.50dis	
•	Canade	2.1950-2.2200	2.2170-2.2190	0.40-0.50c dis	-2.43	1.05-1.20dis	-2.03
•	NethInd	4.57-4.62	4.60-4.31	2-11-c pm		512-5 pm	4.54
	Balgium	77.60-78.20	77.85-78.15	17-27c dis	-3.38	50-60 dis	-2.82
	Osnmerk	13.95-14.09	14.04-14.06	67-77-ore die	-6.30	17'-18'adie	-3.11
	Ireland	1.1905-1.2005	1.1970-1.1985	0.59-0.73p dia	-8.11	1.67-1.67db	-5.91
•	W. Ger	4.10-4.15	4.13-4.14	1'e-1'epf pm		51,-41, pm	4.71
,	Portugal	125.50-127.00	125.25-126.75	105-385c dis		305-985d is	-20.39
	3pain	184 00-185.00	184.30-184.60	45-70c dis		180-400drs	-3.29
	Italy	2.281-2.301	2.2951-2.2981,	18-21 I)ra dis		56-67 d's	-10.1B
•	Norway	10.54-10.72	10.68-10.70	3's-5'sore dis		7-8 dis	-3.06
	France	10.72-10.80	10.78-10.79	133-154c dis	-16 97	33-36 dls	-12.79
	Sweden	10.33-10.43	10.391-10.401	7 - Lore pm		214-112 pm	0.72
ı	Japan	423-429	426 - 1275	2.35-2.05y pm	6 19	3.60-8.30 pr	
i	Austria	28.90-29.13	29.10-29.13	16-T2gro pm	3.77	39-31 pm	4.81
	3witz	3.49-3.54	3.52-3.53	34-24c pm		214-314 pm	
							9.54
•						ec 85.45-85.	
-	21x-u	onth forward	dollar 0.85-0	J.30C QIS, 12-1	month 1	.40-1.60c d	15.

FORWARD RATES AGAINST STERLING

45.0216

2.09319 2.38250 6.21283 2.64957 0.687856 1322.21

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times,

8.19382 2.41813 6.19564 2.67296 0.686799 1305.13

England Guarenty Index Ghanges

-1.0 -12,3 +48,6 +95,0 +22,0 -14,2 -58,2 +31.8

CURRENCY MOVEMENTS

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average

1,7980 4.1238 10.9375

1.8005 4.0913 11.1300 3.4400 420.6

+1.05 -0.79 -1.15 +0.69 -0.56 +0.48 +1.31

CURRENCY RATES

*CS/SOR rate lot May 20; 1.39252

Sterling - 0.631165
U.S. 3. 12
Canadian S. 13.32
Austria Sch. 512
Borjan F. 11
Danjah Kr. 11
Danjah Kr. 11
Danjah Kr. 11
Danjah Kr. 11
S. 82896
Guider 82,90267
French Fr. 512
G8882
Lira 1448.35
Yen 259,201

GOLD MARKETS

M	ay 81	M	zy 80
Gold	Sullion (fine ou	nos)	
Close	(£1873 ₄ -1884) £1821 ₂ -193) £191,296, (£188,370)	854134-34231 834017-34114 8341,50 3342,50	(£192.1821g) £1903g-1811q) (£190,874) (£192,308j
Gold	Coins		
Krugerrand	1£183-194 (£984-1011s) (£504-31141 1£205-21141 (£183-1831s) (£451-2451s) (£53-331s) 1£39-441s1 1£39-441s1 (£1821-1841 (£24014-2431s)	33521;-33314 31813,-1623 5921;-8314 5373,-363 6332-363 5821;-83 (596-97 386-97 386-97 386-97 386-97 386-97 386-97 385-97 384-93;-42214 43324-33514	(£198-1981 ₂) (£109-1023 ₄) (£62-521 ₂) (£214,-213 ₄) (£146-14-1984 ₁) (£46-14-18-1984 ₁) (£46-14-194 ₁) (£46-14-194 ₁) (£381 ₂ -44-14 ₄) (£381 ₂ -44-14 ₄) (£1861 ₂ -1381 ₄) (£2483 ₄ -246)

OTHER CURRENCIES

May 21	£	\$		£ Note Rates
Argentina Peso.,.	25.320-85,6601	14,200-14,250+	Austria	28,85-29,25
Australie Pollar	1,3960-1,6980	0,9445-8.9450	Belgium	85.40-86,40
Brazil Gruzelro	389,18 890,12	160,28-161,08	Denmark	14.02.14.14
Finland Markka	8.082 8,1009	4.5000 4.5020	France	10.73-10.83
Greek Drachma	110.142-115.558	63.10-63.30	Germany	4.1154 4.154
Vene Kong Dollar	10.8112-10.24	5.7030-5.7080	Italy	2240-2300
ran Rial	146.30*		Japan	
(gwalt Diner (KD)	0.6120.0.6132	0.2856-0.2858	Netherlands	4,561,-4,601
uxembourg Fr	77.95.78.16	43,43,43,45	Norway	10.73 10.63
Apievela Dellar	4.0670-4.0796	2.2710-2.2740	Portugal www.	12312-128
lew Zesland Dir.				1771-187
audi Arab. Riyal			Sweden	10.38-10.48
Nacasara Ballar	± 2000-3 7810	2 0710-2 0740	Switzerland	3,505, -3,545
HE Addes Send	T 0213-1 0235	1 0200-1 0710	United States	1.7814-1.801
KIII, ALI IGAN KANG	5 FOAF 6 5045	2 6716 3 6730	Yugoslavia	79-85
/.A.E. VI[]16#1	0.0010-0.25-0	12.0110-070100	I nânaistaite	19-05

		•	ļ	Note Rates
Argentina Peso	25,320-85,660f	14,200-14,250+	Austria	28,85-29,25
Australie Pollar	1,3960-1,6980	0,9445-8.9450	Belgium	85,40-86,40
Brazil Gruzelro	389,18 890,12	160,28-161,08	Denmark	14.02.14.14
Finland Markka	8.082 8.1009	4.5000 4.5020	France	10.73-10.83
Greek Drachma	110,142-115,588	63,10-63.30	Germany	4,113,4,153
Nene Kong Dollar	10,8112-10,24	5,7030-5,7080	Italy	2240-2300
Iran Rial	146,30*		Japan	428427
Kuwalt Diner (KD)	0.6120 0.6132	0,2856-0,2858	Netherlands	4,561,-4,601,
Luxembourg Fr	77,95.78,16	43,43-43,45	Norwey	10.73 10.63
Malaysia Dollar	4.0670-4.079e	2,2710-2,2740	Portugal	12312-128
New Zesland Dir.	2,3355-2,3405	1.2005-1.3026	Spain	1771-187
Saudi Arab, Rival	6.15-6.16	3.4286-3.4305	Sweden	10.38-10.48
Sincapore Dollar.	3.7090-3.7810	2.0710-2.0740	Switzerland	3,5051-3,5451
Sth. African Rand	1.9213-1.9235	1.0700-1.0710	United States	1.7814-1.8014
U.A.E. Dirham	6,5845-6,5945	3,6716-3,6730	Yugoslavis	79-85
			_	

EXCHANGE	CROSS RA	TES								
May 81	PoundSt'rling	U.S. Doltar	Deutschem'	(:Japan'se Yen	FrenchFranc	Swiss France	.Dutch Gulld'	italian Ura	Canadia Dolla	Belgian Fra
Pound Sterling	0,657	1,786	4,140	427.0	10,785	3,525	4,30e	2398,	2,218	78,05
U.S. Pollar		1.	2,305	237,8	6,0 05	1,963	2,564	1272,	1,235	- 43,46
Deutschemark	0,242	11,434	9,696	105,1	2,505	0,851	1,113	363,0	5,536	18.85
Japanese Yen 1.000	8,348	4,206		1000.	25,28	8,255	10.78	5381,	5,194	182,8
French Franc 10	0.927	1,663	3.859	395.2	10.	3,268	4,278	2130.	2,057	72.57
Swiss Franc	G.284	0,610	1,174	121.1	3,060	1,	1,303	651,8	0,629	22,14
Dutch Guilder	0,217	0.320	0,899	92,73	8.542	0.765	2,004	498.2	0,482	16,95
Italian Lira 1,000	0.435	0.782	1,802	185,9	4.694	1,534		1000.	0,965	35,97
Canadian Dellar	0,451	0,810	1,867	192.6	4,862	1,589	2,076	1036.	2,842	35,19
Seigian Franc 100	1,281	2,301	6,304	547.1	. 13,82	4,516	6,900	2944.		156.

Selgian Franc ... Danish Krona ... German O-Merk

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mingrs. (a) 72-80, Estehouse Rd., Avieshay **AUTHORISED TRUSTS** Affled Hambro Ltd. (a) (g) Archway Unit Tst. Mgs. Lts.(a)(c) 317, High Helbers, WCLV7NL III-831 Archway Fund III.53 184,0 Archway Fund III.54 184,0 A Barclays Unicorn Ltd.(a)(c)(g) Unicorn No. 252, Roseford Rd., E7, 0

Britannia Sp. of Unit Trusts Ltd. (2)(c)(g) Salidary House, JL Fleshoy Olyan, London EC2 C1-638 0478/0479 or C1-688 2777 22 +0.2 10.6 22 +0.1 10.6 23 +0.1 10.6 24 +0.1 10.6 24 +0.1 10.6 24 +0.2 10.6 24 +0.2 10.6 24 +0.2 10.6 24 +0.2 10.6 24 +0.2 10.6 25 +0.2 10.6 26 +0.2 10.6 26 +0.2 10.6 27 +0.1 10.6 27

Brown Shipley & Co. Ltd. (a)(g) EMS EUROPEAN CURRENCY UNIT RATES ±1.5440 ±1.6429 ±1.1097 ±1.3743 ±1.5069 ±1.6889

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Charities Difficial Invest. Fundity
77 Looden Wast, EC2N 108. 01-599 1915
Income April 30. 159.77 7.19
Account April 30. 235.0 7.19

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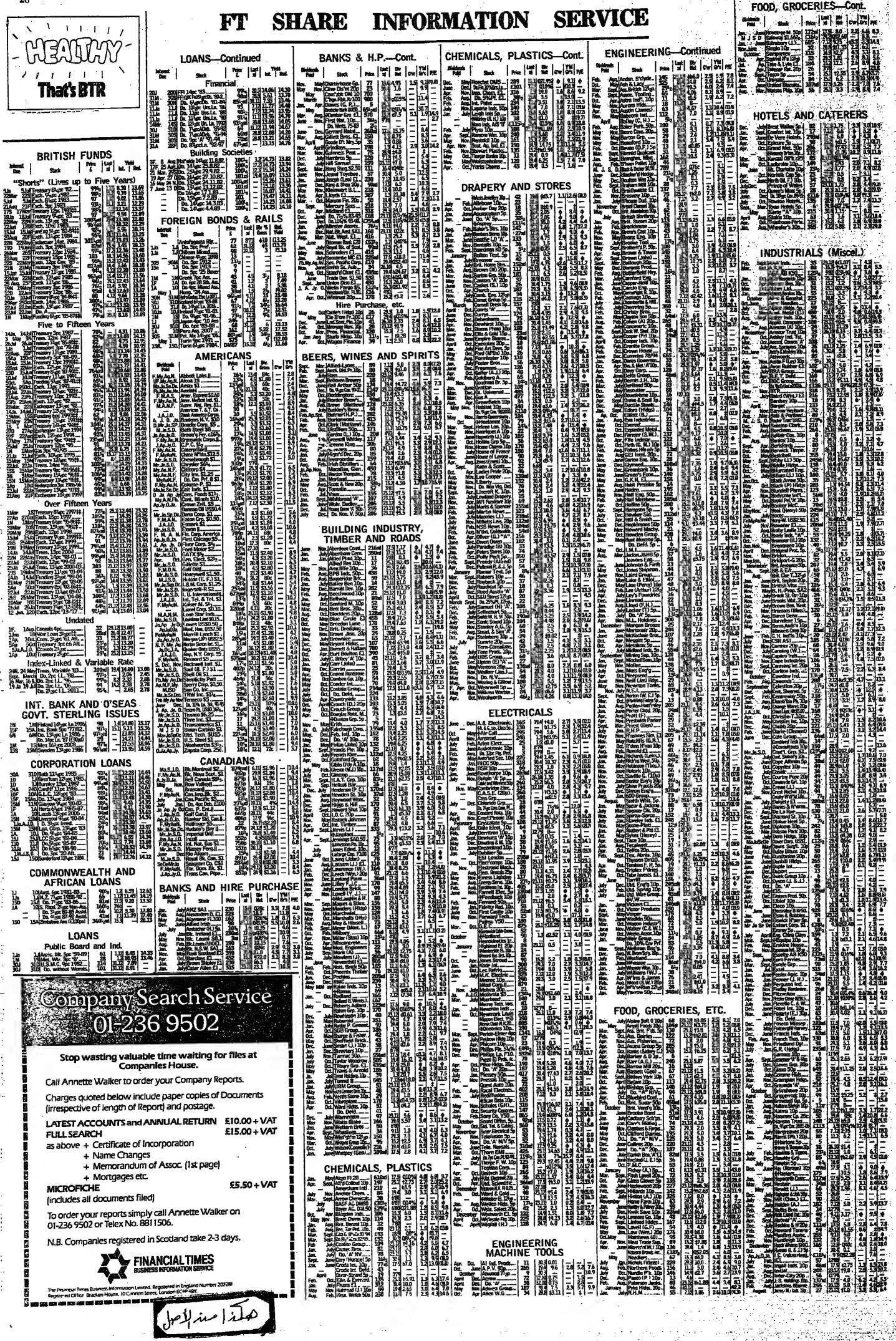
*318 -33 237

NEL Trust Heragers Ltd. (a) (y)
Mitton Ceurt, Derking, Survey,
Neistar GH, & F. 1. 51.4 54.7
Neistar GH, & F. 1. 51.4 54.7
Neistar High Inc. 17.0 30.0 922
Neistar International 56.4 57.5 4.43

mln 3.65

حلذا مستالصل

Prudi. Pertfelle Magra, Ltd. (c) (b) (c) Hollon Bars, PC18 2019.



The first of the control of the cont

FINANCIAL TIMES

Monday May 24 1982



Employers will ignore closed shop clause

BY JOHN LLOYD AND DAVID GOODHART

accepts that many unions and and employer is that where an tion asked for a two-year delay employers will circumveot the employee refuses to join a in the clauses' implementation closed shop provisions in the closed shop which has not because of fears of disruption forthcoming employment legis- obtained ballot approval be may in the workplace - a request

ment Minister, admitted last the union tiable with the to grant, week that deals are expected to employer for damages if he can Mr Al he made at local level not to show that the union put further attempt to defuse the hold ballots on the closed shop. But he warned: "If unions and dismiss him.

This is a statement to defuse the possibly explosive nature of the measures, and to draw the employers are going lo collude on blocking ballots they must who don't join the closed shop."

The halloting provisions in the Employment Bill which demand that 80 per cent of the workforce, or 85 per cent of those voting, approve the closed shop have been singled out for particular attack by the Trades

UK groups

EUROTRAG, the 18-member consortium of European companies. In which British civil

engioeering companies Taylor Woodrow and Wimpey bsve a 22; pcr cent stake, have signed a protucol agreement

with the Government of the oil-rich West African state of Gahon for a CFA 168hn (£308m) contract to build the

340 km second leg of the

trans-Gabon railway, The deadline for signing the con-

The first section of the rail-

way is nearly complete. This

covers 330 km from Libre-

without the British com-

completed in Angust 1987.

The Gahonese Government has yet to work out the details of the expenditure on

the second phase contracts

for which are still open to bidders. It is understood that contracts for stations, rolling stock, signals and other equipment will be substantial.

Arrangements are nearing completion for a £60m line of credit backed by the Export

Credits Guarantee Depart-

railway involved a project line of credit worth £10m-

the first in Gahon supported

by the ECGD. The funds for that came from Barclays,

Lloyds and the Midland

The Midland will he the

lead hank for the British

share of funds for the second

GEC seeks

By David Fishlock, Science Editor

IDEAS for a British col-

mico-electronics are heing

urgently sought by Mr Derek Roberts, GEC's director of

In a letter today to about 50

leading figures in industry.

government and universities.

Mr Roberts solicits advice on

hnw Britain might set up a

research collaboration in in-

formation technology comparable to Japan's "fifth-

generation" computer system

Mr Roberts bas been given responsibility for studying

any British project, namely very large-scale integration

Earlier this year Mr Ken neth Baker, Minister for In-

announced a committee under the chairmanshin of Mr John Alvey of Brilish Telecom. to advise him of the scope for

a national research effort.

(VLSI as the heart of such a programme, exphracing all as-

pects of silicon chio technology, including design and

Its aim is to see that, by

the late 1980s, Britain can he sure of access to internationally compelitive VLSI.

In addition to the Japanese

collaboration, the U.S. Govern-

ment is hacking a collabora-

tive research project, and the

U.S. electronics industry is

studying other amhitious pro-

correspondents to canvas

wider views on how Britain

should respond to such pro-

jects, and to reply by June 10.

expects to report to the

Minister in July.

Alvey committee

posals for collaboration. Mr Roberts has asked his

programming of chips.

The Alvey committee secs

(VLSI) for silicon chips.

"core technology" for

Technulogy

rescarch pro-

advanced

ideas for

research

The earlier phase of the

tract is September 15.

in Gabon

Mr Michael Alison, Employ- If dismissed. He can also make

All unions have pleged themseives, at the conference of pact, union executives last month, to ignore the closed shop provi-sions and to insist on "business officials. Trade union leaders

The Government evidently tase been rattled by the opposition to the closed shop clauses. meeting of the TUC's employment just from the unions but ment committee showed—and from powerful business groups have begun a campaign of as well. Last month the speeches emphasising its bene-

be able to claim £20,000 or more which Mr Norman Tebbit, the Employment Secretary, is likely

unions into a "mutual tolerance"

It may find a quiet and have shown some concern over the closed shop's image—as a

ally shown to non-joiners with legitimate religious objections. The Government's case has

been weakened further by an unpublished report which it commissioned from Professor John Gennard of Strathclyde University. This shows that few managers helieve the closed shop encourages inefficiencies or imposes significant restrictions on liberly.

Employment Ministers say the report has not been published because it is unfinished. This is only technically correct. The report is completed hut has not yet been formally "accepted" by the department and until it is it cannot be published.

Ministers continue to empha- ment.

The sanction on both union Engineering Employers Federa- fits and the tolerance tradition- sise that weakening the closed shop with creating a more "responsible" attitude to industrial action, is the main aim of the legislation. The closed sbop measures are particularly aimed at white-collar and local government employees - the only growth area for unions in

recent years.

The Bill has completed its pasage through the Commons and will begin going through the Lords early next month. It is still expected to become law by late summer but further amendments in the Lords are still possible, which would mean a referral back to the Commons. Mr Tebbit has not ruled out further legislation — prohably concentrating on internal union reform-during this Parlia-

OECD sees bleak prospect for recovery

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE OUTLOOK for economic strongly at the World Economic Committee for Development U.S. bas heen under pressure recovery and unenyployment in Europe and North America remains bleak according to a confidential briefing paper prepared for Ministers by the Organisation for Economic Cooperation and Development rail contract

> It says the recovery so far has been rather technical and offers little hope for preventing a further rise unemployment, '

It adds: "While inflation and cost price conditions have moved or are moving in a number of countries in the direction of encouraging the hoped-for strength in private investment, this has not yet developed and the immediate outlook at least is not encouraging."

ville, the coastal capital, to Boone in central Gabon, and The paper urges the U.S. to was undertaken by Eurotrag contain its Budget deficit and help the reduction of world inpanies.

They took a stake in the consortium last June rather than launch their own hid for the second section. This will extend to Franceville in the south-east and is due in he completed in Appare 1987.

Versailles. durability of any recunreal activity.
recovery which gets under way is questionable unless it is recognise joined by strong private investment. Lower real interest rates will he necessary to sustain

Endorsing the general consensus among developed countries that sustained recovery ia unlikely until inflation' has been brought under control, the paper says the fight against infla-

plan their budget deficits with regard to the expected weakness or strength of domestic demand.

The OECD recognises the responses terest rates. This is a theme danger — spelled out more. On exchange rate policy—expected to be taken up again forcibly by the United Nations, another theme on which the

Summit meeting in June at Planning — that tight policies in all countries could lead to a It underlines this point: "The downward spiral of economic It says: "It is important to

recognise that strong simul-taneous action to reduce deficits by a large number of countries in an international environment of weak demand risks an out-come in which demand weakens further and ss a result deficits do not come down very much."

But, in another obvious reference to the U.S., it says that reducing budget deficits in "certain countries" could he beneficial to the extent that this belped cut interest rates.

pragmatic implementation of perverse monetary

from European countries-the paper says: "A smoother work-ing of the exchange rate mechanism is important." It puts the main emphasis on the linkage between high U.S. interest rates and a strong

However, the paper recognises with cautious approval that direct intervention has had an influence in atabilising European currency rates.

The U.S. response to call for

a more interventionist policy in currency markets has remained However, it argues that tight beheficial to the extent that this beheficial to the extent that this beheficial to the extent that this U.S. Treasury Secretary, has believed cut interest rates, suggested an international study to determine whether and says governments should monetary authorities could plan their budget deficits with sceptical. Mr Donald Regan,

This subject will come up at the Versailles summit, when their stated monetary targets some governments are expected to urge the U.S. to give more consideration to limited intervention to smooth currency fluc-

Poehl urges changes in U.S. economic policy

A SOMBRE INDICATION of the 2,000 foreign exchange dealers well-being of the rest of the ket interest rates would not still economic Issues threatening to at the annual meeting of the world." divide the U.S. and its western allies at next month's Verspilles summit was delivered in London at the weekend by Herr Karl otto Poebl, president of the Bundesbank. West Germany's central bank.

With rhetorical flourisb he asked: "What good could Warning that unemployment in bright answers to questions at the annual meeting of the world."

Herr Poehl said high budget to the Expectations of "huge "hudget deficits in other countries as well as the U.S.—including his own — contributed to the rates.

"rather exotic" level of interest vinced that linfiation would stay low. Interest rates could come possibly come of deliberately right answers to questions at down Immediately, even

industrial countries would economies pick up over the next year. Herr Poehl made a new

new call for the U.S. to change its policy of not intervening on foreign exchange markets, fired a warning shot at Washington for urging tougher credit measures against the Soviet

its small firms loan-guarantee

lent and because of the number

nearly £140m have been agreed.

The number of failures is

helieved to exceed 30, at a cost

to the Government of more than

£700.000 and is beginning to

The Government may insist

soon that husinessmen pledge

high for venture funding — the

attack on Port tSanley was to

he vital. The tactics to he de-

Falklands capital will be de-

cided by Rear-Admiral Sandy

heen given a great deal of room

to decide how he runs the com-

Admiral Woodward is thought

attack on Port Stanley if only Argentines is low.

ploved in the recapture of the Green.

tems ashore.

More than 4,000 loans totalling man.

some personal security when film so far, taking loans and that the banks The depart

which would he vital if an loss of life.

of only about one in 100 - not in full.

of business failures.

accclerate.

steering the international finan-

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

sidering tightening the rules of servants and ministers.

scheme hecause of the large Government guarantees 80 per

amount of money that has been cent of loans made to small

involved take responsibility for in credit on the scheme by larger proportions of each loan about £300,000 once the cost of

maintain -- control of the skies, because of the likelihood of high

Besides the Sea Harriers and where there are helieved to he

has a hattery of shiphorne anti- Stanley. The Goose Green air-

portantly, now has several sur- was hombarded on Saturday.

If the task force is to carry news yesterday evening indi-

out its order to recapture Port cated for the first time that the

Stanley rapidly, air cover will frigate Ardent had been sunk

strategic" instructions has had not left its earlier positions.

Although the number of col- paving our some £700,000 on the

lapses indicates a failure rate failures reported has been met ing loans.

'Retake Stanley' Continued from Page 1

Besides the Sea Harriers and where there are helieved to be billity of re-embarking the the RAF ground attack version about 1.000 Argmine troops— majority of the marioes and of the Harrier, the task force against perhaps 5,000-7,000 at paratroopers and landing them

face-toa-ir Rapier missile sys- Equally significant, a report day to challenge Britain's

froot Robert Fox of BBC TV

as it was homharding Gouse

that the garrison in and around Woodward, the task force com-mander, who within his overall improve its defensive posture, and two helicopters shot down.

It was also believed that the

condition of Argentine prismners

garrison lent credence to the

unlikely to order a full frontal view that the morale of the had shot down five aircraft and

aircraft weapons and, most in- strip, a few miles from Darwin distance from the capital.

figure is hig enough to have balance could change if the pose,

stay at 1930s levels even if cial system into a crisis?" Prob the high level of real (inflationlems would only he aggravated by considering the use of credits
as a "political wespon," he said.

A sound and lasting recovery European plea to the U.S. as a "political wespon," he said. Government to curb its budget deficit to help bring down world interest rates.

He hoped that the U.S. would likely to happen "as long as the that lt was having "second thoughts" on its international flation rests solely upon moneeconomic responsibilities. Up tary policy and as long as fiscal

now, American economie policies had been focused too the apposite direction."
much on domestic problems.
U.S. investors did no Now they have to understand that they are the higgest economy in the world . . . they Addressing an audience of have a responsibility for the last. Otherwise, capital mar- resson for the finctuations."

Business loan rules may tighten

Under the scheme.

husinesses, with little or no per-

sonal security from the husiness-

man. The loans go up in \$75,000 and are provided by 30

nanks, which cover the remain-

in addition to the banks' in-

The department will still he

terest, for providing the guaran-

Industry Department

tee. This has netted it about tighten the rules.

THE GOVERNMENT is con- concentrated the minds of civil number

ing 20 per cent.

The

adjusted) interest rates in the

U.S. investors did not at the moment helieve that the cur-rent low U.S. inflation rates of system seems to be tied to rules 5 per cent or 6 per cent would

financial institutions that not

all the hanks are reporting all

liability could be higher.

their failures. The department's

a survey of 75 loans made dur-

ing the first six months of the

scheme, which was introduced

in the next few weeks, mini-

forcing businessmen to provide

some personal security, which might deter some people with

high-risk projects from accept-

Admiral Woodward has

several options as he gathers

in strategic positions a short

claims that only one warship

had been sunk, and four others

four British frigates had been

sunk, two damaged and three

Against Britain's total of one

Costa Mendez said four

Harriers and five helicopters had heeo shot down-though

Spanish he claimed Argentina

Sr Costa Mendez said that

damaged, one of them sectously,

Argentina continued yester

Such a move would detract

sters will decide whether to

Consideration will be given to

The department is conducting

sharply.

charges a 3 per cent premium, last June. When it is completed

There is a risk that this from the scheme's original pur-

A possible first target could his forces for the attack on Port

Whitehall indicated yesterday minor ships seriously damaged.

captured from the San Carlos in a subsequent interview in

be the settlements of Darwin. Stanley, including the possi-

be at 14 per cent or 15 per cent. Expectations of "huge" hudget

the end of his speech, he termed dramatically, he said. "I hope the high level of real (inflation - I'm right, Otherwise the world will get into terrible trouble." In an unusually strong public

A sound and lasting recovery attack on the operational technif the U.S. economy was not niques of American monetary policy, he suggested that the volatility of U.S. interest rates might be lessened if the Federal Reserve was allowed more nolicy is moving in nrecisely fixibility and discretion, the upposite direction."

The Fed's "monetarist critics"

made this difficult, but "the system seems to be tied to rules is in my view quite often the

Weather

CLOUDY, rain in western areas. Elsewhere dry with sunny intervals. There is also a suspicion in S.E., E. and Cent. N. England Whitehall and among some Dry. sunny periods. Max. 17C

(63F). Rest of England, Wales, S.W. Scotland, N. Ireland Cloudy, light showers. Max.

16C (61F). Rest of Scotland Sunny intervals, scattered

showers. May. 15C (59F). Outlook: Rain. sunny intervals. Warmer.

WORLDWIDE

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innsbrk	F	19	m,	Tel Aviv	\$	23	73
22n1Ynl	F	14	57	Tenorile	S	24	75
1 6 Man	_	_	-	Tokyo	S	23	77
Istanhol	S	21	79;	Tr'nto†	R	9	48
Jersev	C	12	54	PINUT	F	25	77
Jo hutg	F	23	773	V.:Tancia	C	74	75
L Pims.	S	??	72	Venice		_	_
Lisbon	F	22	72	Vienna	C	17	44
FOCULDO	C	20	68	Venice Vicena Warnaw	F	19	БĢ
London	R	12	54	Zurich	R	16	61
c_c						air.	
				R—Rain			

Trade-weighted Index

of capital goods.

The inflation rate, artificially

The franc, baving survived

Hangover time for France

THE LEX COLUMN

"If a business were being run on the same lines as the French, stste, one would be worried about its future." This remark appears in the magazine L'Expansion in a relatively sympathetic article about the first year of the Mitterrand presidency. It is perbaps unfortunate for the French Socialists that their experiment is taking place when rival businesses are being the property of the state of the being run on rather tighter lines. This lends France an air of irresponsibility that would of irresponsibility that would not bave been so obvious at the time of, say, the Carter adminis-tration, and it also puts grest pressure on the balance of pay-ments as France tries to engineer an economic recovery all by itself.

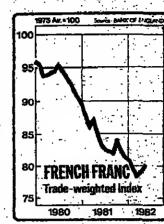
That said, many of the disas-ters so freely forecast when the Mitterrand administration came to power last spring bave not happened — at least not yet.

Labour relations have been remarkably smooth infistion has not moved up to Italian levels, and the French franc bas not lost balf its external

The calm on the lahour front. however, has been bought with a sborter working week, longer holidays, and bigger welfare payments, while real incomes continued to rise in 1981. The modest acceleration in retail price inflation has to be seen against the background of severe disinflation worldwide; relative to its major trading partners. France has done poorly in this respect. The franc stands at six to the dollar hecause it is buttressed by a stringent new set of exchange controls. French residents wisblng to purchase foreign assets buy their dollars through a premium pool, and last week they cost FFr 7.80.

There is a general feeling among French economists out-side the Government that the bills for the Socialists' postelection party are about to roll in. Already the Government has taken fright at the level of future spending (not least on debt service) that its programme implied. After a rather fortuitous undersboot in 1981, estimates for the 1982 hudget estimates for the 1982 budget deficit had been revised upwards by nearly a third before the first quarter of the year was out, and the social move into alarming deficit over the next few years. The Budget Ministry is scrambling to hold

Late on Friday a visible trade deficit of more than FFr 10bn was reported for April.



seems likely to be roughly the same as for the whole of 1981. though energy imports bave been flat in price and down in volume, while the slack level of industrial investment is keeping down imports

depressed by price controls during the winter, has begun to move up in the last couple of months — back over 14 per of months — back over 14 per cent year-on-year in March — and industrial wholesale prices see rising rapidly as businesses pass on the costs of the Government's social reforms. Wages are beginning to take off. After a rapid acceleration in the last quarter of 1981, preliminary reports suggest an annual rate of growth approaching 20 per of growth approaching 20 per cent in the first quarter of this

a difficult few weeks in the early spring, seems unlikely to get through the summer with-European. Monetary. System, although no doubt the French authorities will press for this to be dressed up as a D-Mark revaluation. The Bank of France's currency reserves are at a very low ebh, equivalent to less than one month's imports, in spite of the revaluation of the dollar component over the past year. M Jacques Delors, the Finance Minister, suggested recently in a television interview that a decision on the franc could be put off until the end of the year. As he also forecast an 8 per cent inflation

the personal sector, which has not nearly been offset by the easing of the franc. Corporate cashflows have been squeezed by a variety of new levies and Ohligations on top of the higher wage costs imposed through the reduction in the working week and increased social security contributions.

MENAL Obles

Contributions.

According to the Employers' frond frond on industry by these measures works out at FFr 93bn in a full from 3rt.

The Government's preliminary calculation, taking into account the boost to consumer demand and potential producof blue-collar, supply-side effect, came up with a cost of FFr 6bn. The difference between the two philosophical gulf.
Some minor concessions have

been made since—future reduc-tions in the working week have been postponed—which have been received by the employers with touching gratitude, while the Communist party mutters about cadeaux for capitalists.

Nationalisations

The newly nationalised in-dustrial companies, which are supposed to be the leading edge of industrial investment, are Having paid shareholders in the industrial companies — if not the banks — far too much compensation when the businesses were taken over, the Governnot exempt from the squeeze. were taken over, the Government finds that three out of the five groups it has hought are losing money. There is little point in building new capacity than off in many parts of these companies, which represented the sui Aighan commanding beights of the result accommy 20 years ago but are graphed now working way below high village. capacity, Economic management may well become much more sober

now that many of the new socialist manifesto promises med to have been carried out. The new see Espect line on the budget, for example, a appeal is hard to distinguish from that generation of 'the last. Government. and elsewhere the familiar pressures of SUSDE place are bearing down on stithe Na France. If unemployment sic Employe sticks at above 2m for long, s years no rate for 1983, he perhaps did not intend to he taken seriously.

Like governments everywhere, the French administration is concerned about the low dash .- It desperately needs a it moust level of industrial investment stronger world economy to 1923 15 down 3 per cent in volume last paper over the cracks at bome.

year and prohably heading for For the moment, like lots of its reba another fall in 1982-which it other indifferently managed inclined to blame on political businesses. France is living way was in Senti

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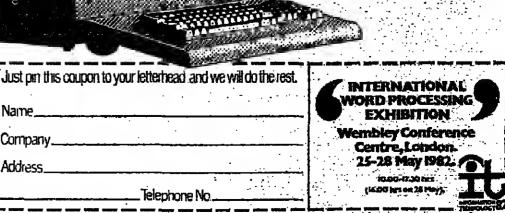
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a heavy rain ind 20 injur

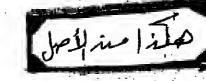
Vazines

sabotage. However, there has beyond its means, but remains the to ge been a considerable shift of well placed to take advantage atom their deficit for the first half of 1982 resources from the corporate tn of an upturn in demand.

> This will be the big question at I.W.P.E.! Visit us on Stand 15, but don't expect us to talk in jargon about the latest technological advances. We won't waste your time! Justtell us your requirements and we'll show you what the latest word processing systems. can do for your business. If you can't make the exhibition, find out the answer by contacting Data Recall at the address below.



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German poi ace supp beken significant * brea!

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